UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-38670

Entasis Therapeutics Holdings Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**82-4592913**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

35 Gatehouse Drive
Waltham, MA 02451
(781) 810-0120
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class:	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.001 par value	ETTX	The Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 30, 2020, the registrant had 14,614,073 shares of common stock, $0.001 par value per share, outstanding.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act. All statements other than statements of historical fact are "forward-looking statements" for purposes of this Quarterly Report on Form 10-Q. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "believe," "could," "estimate," "expects," "intend," "may," "plan," "potential," "predict," "project," "continue," "should," "will," "would" or the negative or plural of those terms, and similar expressions. These statements relate to our future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. You should read these statements carefully because they discuss future expectations, contain projections of future results of operations or financial condition, or state other "forward-looking" information.

Forward-looking statements include, but are not limited to, statements about:

- our plans to develop and commercialize our product candidates;
- the timing of execution of planned clinical trials and availability of data from our clinical trials;
- our expectation that the efficacy and safety data from our planned and ongoing Phase 3 registration trials, if positive, will be sufficient to support submission of a new drug application, or NDA to the FDA;
- our ability to obtain grants or other government funding to develop our product candidates;
- our ability to take advantage of benefits offered by current and pending legislation related to the development of products addressing antimicrobial resistance;
- the timing of and our ability to file, obtain and maintain our planned regulatory filings;
- the clinical utility of our product candidates and their potential advantages compared to other treatments;
- our commercialization, marketing and distribution capabilities and strategy;
- our ability to establish and maintain arrangements for the manufacture of our product candidates;
- our ability to establish and maintain collaborations and to recognize the potential benefits of such collaborations;
- our estimates regarding the market opportunities for our product candidates;
- our intellectual property position and the duration of our patent rights;
- our estimates regarding anticipated operating losses, needs for additional funds and capital requirements;
- political, social and economic instability, natural disasters or public health epidemics in countries where we or our collaborators do business;
- our ability to raise additional capital when needed and to continue as a going concern;
- our ability to close the second tranche of the financing with Innoviva, Inc., or Innoviva;
- our estimated needs for, and ability to secure additional financing; and
- our estimate of the duration and potential impact of the COVID-19 pandemic.

Factors that may cause actual results to differ materially from current expectations include, among other things, those set forth in Part I, Item 1A, “Risk Factors,” in our most recent Annual Report on Form 10-K and those set forth in Part II, Item 1A, “Risk Factors” in this Quarterly Report on Form 10-Q. Any forward-looking statement in this Quarterly Report on Form 10-Q reflects our current view with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, industry and future growth. Given these uncertainties, you should not rely on these forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

In this Quarterly Report on Form 10-Q, unless otherwise stated or as the context otherwise requires, references to “Entasis,” “the Company,” “we,” “us,” “our” and similar references refer to Entasis Therapeutics Holdings Inc. and its wholly owned subsidiaries. The trademarks, trade names and service marks appearing in this Quarterly Report are the property of their respective owners.

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

ENTASIS THERAPEUTICS HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
UNAUDITED
(in thousands, except share and per-share data)

	March 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 17,450	$ 16,034
Short-term investments	10,016	24,962
Grants receivable	901	1,232
Prepaid expenses	2,932	4,560
Other current assets	1,485	2,218
Total current assets	32,784	49,006
Property and equipment, net	308	345
Operating lease right-of-use assets	1,505	1,620
Other assets	63	63
Total assets	$ 34,660	$ 51,034
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,150	$ 1,304
Accrued expenses and other current liabilities	4,633	6,252
Total current liabilities	5,783	7,556
Operating lease liabilities, net of current portion	1,173	1,321
Total liabilities	6,956	8,877
Commitments (Notes 5 and 11)		
Stockholders' equity:		
Common stock, par value $0.001; 125,000,000 shares authorized and 13,291,563 shares issued and outstanding as of March 31, 2020 and December 31, 2019	13	13
Additional paid-in capital	176,888	176,103
Accumulated other comprehensive income	28	—
Accumulated deficit	(149,225)	(133,959)
Total stockholders' equity	27,704	42,157
Total liabilities and stockholders' equity	$ 34,660	$ 51,034

See accompanying notes to these unaudited consolidated financial statements.

ENTASIS THERAPEUTICS HOLDINGS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
UNAUDITED
(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2020	2019
Operating expenses:		
Research and development	$ 11,623	$ 11,002
General and administrative	3,780	3,189
Total operating expenses	15,403	14,191
Loss from operations	(15,403)	(14,191)
Other income:		
Grant income	13	829
Interest income	124	492
Total other income	137	1,321
Loss before income taxes	(15,266)	(12,870)
Provision for income taxes	—	71
Net loss	$ (15,266)	$ (12,941)
Net loss per share—basic and diluted	$ (1.15)	$ (0.99)
Weighted average common stock outstanding—basic and diluted	13,291,563	13,126,595

	Three Months Ended March 31,	
	2020	2019
Other comprehensive loss:		
Net loss	$ (15,266)	$ (12,941)
Net unrealized gain on investments held	28	43
Comprehensive loss	$ (15,238)	$ (12,898)

See accompanying notes to these unaudited consolidated financial statements.

ENTASIS THERAPEUTICS HOLDINGS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
UNAUDITED
(in thousands, except share data)

Three Months Ended March 31, 2020	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of December 31, 2019	13,291,563	$ 13	$ 176,103	$ —	$ (133,959)	$ 42,157
Stock-based compensation expense	—	—	785	—	—	785
Unrealized gain on investments held	—	—	—	28	—	28
Net loss	—	—	—	—	(15,266)	(15,266)
Balances as of March 31, 2020	13,291,563	$ 13	$ 176,888	$ 28	$ (149,225)	$ 27,704

Three Months Ended March 31, 2019	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of December 31, 2018	13,124,842	$ 13	$ 172,988	$ (9)	$ (90,109)	$ 82,883
Stock-based compensation expense	—	—	578	—	—	578
Exercise of stock options	2,286	—	11	—	—	11
Unrealized gain on investments held	—	—	—	43	—	43
Net loss	—	—	—	—	(12,941)	(12,941)
Balances as of March 31, 2019	13,127,128	$ 13	$ 173,577	$ 34	$ (103,050)	$ 70,574

See accompanying notes to these unaudited consolidated financial statements.

ENTASIS THERAPEUTICS HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(in thousands)

	Three Months Ended March 31,	
	2020	2019
Cash flows from operating activities:		
Net loss	$ (15,266)	$ (12,941)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	37	40
Stock-based compensation expense	785	578
Amortization and accretion of investments	(27)	(195)
Changes in operating assets and liabilities:		
Grants receivable	331	(22)
Prepaid expenses	1,628	(340)
Other assets	1,032	(2,208)
Accounts payable	(154)	2,747
Accrued expenses and other liabilities	(1,934)	1,917
Deferred rent	—	(175)
Net cash used in operating activities	(13,568)	(10,599)
Cash flows from investing activities:		
Purchases of property and equipment	—	(37)
Proceeds from maturities of short-term investments	15,000	—
Purchases of short-term investments	—	(25,050)
Net cash provided by (used in) investing activities	15,000	(25,087)
Cash flows from financing activities:		
Proceeds from exercise of stock options	—	11
Payments of initial public offering costs	—	(150)
Payments of financing costs	(16)	—
Net cash used in financing activities	(16)	(139)
Net increase (decrease) in cash and cash equivalents	1,416	(35,825)
Cash and cash equivalents at beginning of the period	16,034	49,360
Cash and cash equivalents at end of the period	$ 17,450	$ 13,535
Supplemental disclosure of non-cash investing and financing activities:		
Deferred financing costs included in accrued expenses and other current liabilities	$ 166	$ —

See accompanying notes to these unaudited consolidated financial statements.

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

1. Organization and Description of Business

Entasis Therapeutics Holdings Inc., or Entasis, or the Company, is an advanced clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of novel antibacterial products to treat serious infections caused by multidrug-resistant Gram-negative bacteria. The Company has four subsidiaries: Entasis Therapeutics Limited; Entasis Therapeutics Inc.; Entasis Therapeutics Security Corporation; and Entasis Therapeutics (Ireland) Limited.

The Company was initially formed as Entasis Therapeutics Limited, or Entasis Limited, on March 6, 2015 in the United Kingdom, or the U.K., as a wholly owned subsidiary of AstraZeneca AB, or AstraZeneca. Entasis was ultimately spun out from AstraZeneca in May 2015. In March 2018, as part of a corporate reorganization, Entasis Limited formed Entasis Therapeutics Holdings Inc., a Delaware corporation, which became the sole shareholder of Entasis Limited. Upon the completion of a reorganization on April 23, 2018, the historical consolidated financial statements of Entasis Limited became the historical consolidated financial statements of Entasis Therapeutics Holdings Inc. On September 28, 2018, the Company completed an initial public offering of its common stock, in which the Company issued and sold 5,000,000 shares of common stock at a price to the public of $15.00 per share. The aggregate net proceeds to the Company from the initial public offering were approximately $65.6 million after deducting underwriting discounts and commissions and offering expenses paid by the Company. Upon the completion of the Company's initial public offering, all of the outstanding shares of redeemable convertible preferred stock of the Company, including accrued dividends, automatically converted into 8,084,414 shares of the Company's common stock.

Risks and Uncertainties

As of March 31, 2020, the Company had $27.5 million in cash, cash equivalents and short-term investments, and an accumulated deficit of $149.2 million. Since its inception through March 31, 2020, the Company has funded its operations primarily with proceeds from the sale of redeemable convertible preferred stock and the sale of its common stock. The Company has also either directly received funding or financial commitments from, or has had its program activities conducted and funded by, United States government agencies and non-profit entities. In the absence of positive cash flows from operations, the Company is highly dependent on its ability to find additional sources of funding in the form of debt, equity financing, strategic collaborations, or partnerships. As discussed further in Note 13, *Subsequent Events*, in April 2020 the Company entered into a securities purchase agreement with Innoviva, Inc. pursuant to which the Company expects to receive aggregate gross proceeds of $35 million. The Company believes its existing cash, cash equivalents and short-term investments, together with proceeds to be received from this transaction will enable it to fund its operating expenses and capital requirements through one year from the date of this filing.

As a clinical-stage company, Entasis is subject to a number of risks common to other life science companies, including, but not limited to, raising additional capital, development by its competitors of new technological innovations, risk of failure in preclinical and clinical studies, safety and efficacy of its product candidates in clinical trials, the risk of relying on external parties such as contract research organizations and contract manufacturing organizations the regulatory approval process, market acceptance of the Company's products once approved, lack of marketing and sales history, dependence on key personnel and protection of proprietary technology. The Company's therapeutic programs are currently pre-commercial, spanning discovery through late-stage development and will require additional research and development efforts, including the completion of Phase 3 registration trials and regulatory approval, prior to commercialization of any product candidates. These efforts require significant amounts of additional capital, adequate personnel, infrastructure, and extensive compliance-reporting capabilities. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained, that any products developed will obtain necessary regulatory approval or that any approved products will be commercially viable. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will generate revenue from product sales. The Company may never achieve

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

profitability, and unless and until it does, it will continue to need to raise additional capital or obtain financing from other sources, such as strategic collaborations or partnerships.

The global outbreak of a novel strain of coronavirus (COVID-19) has, and will likely continue to have, a significant impact on the U.S. economy and businesses. The social distancing and stay-at-home orders issued by national, state and local governments have resulted in closures of offices and factories and disrupted supply chains. The pandemic also has taxed healthcare systems both in the U.S. and around the world, resulting in disruption to or temporary suspension of clinical trials. As a result of these changes, the timelines for completion of our clinical trials and earlier-stage development programs may be impacted. The nature and extent of the impact remains uncertain as the duration of the outbreak and the time needed for businesses and healthcare systems to recover remains unknown. The full impact of the pandemic on economy, including the capital markets, also remains unknown. Some economists and major investment banks have expressed concern that the continued spread of the virus globally could lead to a world-wide economic downturn or recession and, by extension, limit our access to financial resources from the capital markets and other sources. It is not possible to predict the full impact of the COVID-19 pandemic on our business and access to capital in the future.

2. Summary of Significant Accounting Policies

Significant Accounting Policies

The Company's significant accounting policies are disclosed in the audited consolidated financial statements for the year ended December 31, 2019 and the notes thereto, which are included in the Company's most recent Annual Report on Form 10-K. Since the date of those consolidated financial statements, there have been no material changes to its significant accounting policies.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, and pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X. The December 31, 2019 consolidated balance sheet was derived from audited consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements, which are contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission, or SEC, on March 11, 2020. The interim consolidated financial statements have been prepared on the same basis as the annual audited consolidated financial statements and, in the opinion of management, reflect all normal and recurring adjustments necessary for a fair statement of the Company's financial position and results of operations.

The accompanying consolidated financial statements include the Company's accounts and those of the Company's wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The results for the three months ended March 31, 2020 are not necessarily indicative of the results to be expected for the year ending December 31, 2020, any other interim periods, or any future year or period.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, the recognition of revenue, and the recognition of certain development costs. Estimates are periodically reviewed in light of changes in circumstances, facts and

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from the Company's estimates.

Recently Adopted Accounting Pronouncements

Effective January 1, 2020, the Company adopted the requirements under the FASB ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which eliminates, adds and modifies certain disclosure requirements for fair value measurements. The adoption of the new guidance did not affect the Company's consolidated financial statements.

Effective January 1, 2020, the Company adopted the provisions of FASB ASU 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606.* This update clarifies the interaction between Topic 808, Collaborative Arrangements, and Topic 606, *Revenue from Contracts with Customers*. The guidance is required to be applied retrospectively to the date of initial application of Topic 606 and entities should recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings of the later of the earliest annual period presented and the annual period that includes the date of the entity's initial application of Topic 606. The adoption of the new guidance did not affect the Company's consolidated financial statements and did not require an adjustment to the opening balance of retained earnings.

Recently Issued Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, or ASU 2019-12. The amendments in ASU 2019-12 are effective for fiscal years beginning after December 15, 2020, including interim periods therein. Early adoption of the standard is permitted. The Company does not anticipate that the adoption of ASU 2019-12 will have a material effect on the Company's consolidated financial statements.

3. Short-Term Investments

The following table summarizes the amortized cost and estimated fair value of the Company's marketable securities, which are considered to be available-for-sale investments and are included in short-term investments on the consolidated balance sheets:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
Balance as of March 31, 2020:				
U.S. Treasury securities	$ 9,991	$ 25	$ —	$ 10,016
Total	$ 9,991	$ 25	$ —	$ 10,016

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
Balance as of December 31, 2019:				
U.S. Treasury securities	$ 24,957	$ 5	$ —	$ 24,962
Total	$ 24,957	$ 5	$ —	$ 24,962

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

Certain short-term debt securities with original maturities of less than 90 days are included in cash and cash equivalents on the consolidated balance sheets and are not included in the tables above. As of March 31, 2020 and December 31, 2019, all short-term investments have contractual maturities within one year.

4. Fair Value of Financial Instruments

The following tables set forth the Company's assets that were accounted for at fair value on a recurring basis:

	March 31, 2020			
	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Cash equivalents:				
Money market funds	$ 9,038	$ —	$ —	$ 9,038
Short-term investments:				
U.S. Treasury securities	10,016	—	—	10,016
Total	$ 19,054	$ —	$ —	$ 19,054

	December 31, 2019			
	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Cash equivalents:				
Money market funds	$ 13,949	$ —	$ —	$ 13,949
Short-term investments:				
U.S. Treasury securities	24,962	—	—	24,962
Total	$ 38,911	$ —	$ —	$ 38,911

The Company classifies its money market funds and U.S. Treasury securities as Level 1 assets under the fair value hierarchy, as these assets have been valued using quoted market prices in active markets without any valuation adjustment.

The Company uses the carrying amounts of its cash equivalents, grants receivable, accounts receivable, prepaid expenses, other current assets, accounts payable and accrued expenses and other current liabilities to approximate their fair value due to the short-term nature of these amounts.

5. Leases

The Company adopted FASB ASC 842, *Leases*, or ASC 842, on January 1, 2019. ASC 842 allows the Company to elect a package of practical expedients, which include: (i) an entity need not reassess whether any expired or existing contracts are or contain leases; (ii) an entity need not reassess the lease classification for any expired or existing leases; and (iii) an entity need not reassess any initial direct costs for any existing leases. Another practical expedient allows the Company to use hindsight in determining the lease term when considering lessee options to extend or terminate the lease and to purchase the underlying asset. The Company elected to utilize this package of practical expedients and elected not to use the hindsight methodology in its implementation of ASC 842.

The Company determined that it held one significant operating lease as of January 1, 2019, consisting of 20,062 square feet of office and laboratory space in Waltham, Massachusetts that expires in December 2022 pursuant to a May

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

2015 lease with AstraZeneca, or the AZ lease, as amended in February 2018. During the three months ended March 31, 2020 and 2019, the Company recorded lease expense of $0.2 million related to this lease. The Company has two additional operating leases that are included in its lease accounting which are not considered significant.

In calculating the present value of future lease payments, the Company utilized its incremental borrowing rate based on the remaining lease term at the date of adoption. The AZ lease contains a renewal option that can extend the lease for three years. Because the Company is not reasonably certain to exercise this renewal option, the option is not considered in determining the lease term, and associated potential additional payments are excluded from lease payments. The Company elected to account for each lease component and its associated non-lease components as a single lease component and has allocated all of the contract consideration across lease components only. The Company has existing net leases in which the non-lease components (e.g., common area maintenance) are paid separately from rent based on actual costs incurred and therefore are not included in the operating lease right-of-use assets and lease liabilities and are reflected as an expense in the period incurred.

The following table summarizes the presentation of the Company's operating leases in its consolidated balance sheets (in thousands):

	As of March 31, 2020	As of December 31, 2019
Assets		
Operating lease right-of-use assets	$ 1,505	$ 1,620
Liabilities		
Operating lease liabilities, current	$ 544	$ 506
Operating lease liabilities, net of current portion	1,173	1,321
Total operating lease liabilities	$ 1,717	$ 1,827

The operating lease right-of-use assets and operating lease liabilities balances relate primarily to amounts associated with the AZ lease. Future minimum lease payments under non-cancelable leases as of March 31, 2020, were as detailed below (in thousands):

Fiscal Year	As of March 31, 2020
2020 (remaining 9 months)	$ 508
2021	717
2022	737
2023	1
Total undiscounted lease payments	1,963
Less: imputed interest	(246)
Total operating lease liabilities	$ 1,717

As of March 31, 2020, the weighted average remaining lease term was 2.8 years and the weighted-average incremental borrowing rate used to determine the operating lease right-of-use assets was 9.1%.

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	March 31, 2020	December 31, 2019
Accrued compensation and benefits	$ 995	$ 2,490
Accrued contract manufacturing	1,578	1,550
Accrued clinical	405	606
Accrued professional services	756	530
Accrued research	186	275
Current portion of operating lease liabilities	544	506
Other	169	295
Total accrued expenses and other current liabilities	$ 4,633	$ 6,252

7. Funding Arrangements

In March 2017 and October 2017, the Company entered into funding arrangements with the Trustees of Boston University to utilize funds from the U.S. government through the Combating Antibiotic Resistant Bacteria Biopharmaceutical Accelerator, or CARB-X, program, in support of our ETX0282 and ETX0462 programs. In September 2019, the funding arrangements were amended to increase the amount of specified research expenditures of the Company that could be covered from $16.4 million to up to $16.8 million from April 2017 through September 2021.

The Company recognized grant income in connection with the CARB-X agreements of $13,000 and $0.8 million during the three months ended March 31, 2020 and 2019, respectively. The Company received $0.4 million and $0.6 million of payments under the grants during the three months ended March 31, 2020 and 2019, respectively. As of March 31, 2020 and December 31, 2019, the Company's receivables for unreimbursed, eligible costs incurred under the CARB-X agreements totaled $0.9 million and $1.2 million, respectively.

8. License and Collaboration Agreements

GARDP

In July 2017, the Company entered into a collaboration agreement with the Global Antibiotic Research and Development Partnership, or GARDP, for the development, manufacture and commercialization of the product candidate zoliflodacin in certain countries. Under the terms of the collaboration agreement, GARDP will use commercially reasonable endeavors to perform and fully fund the Phase 3 registration trial, including the manufacture and supply of the product candidate containing zoliflodacin, in uncomplicated gonorrhea. The Phase 3 registration trial was initiated in September 2019. Given the focus at our clinical trial sites to address the immediate medical needs due to the COVID-19 pandemic, GARDP, with our full agreement, has made the decision to temporarily suspend patient enrollment into the Phase 3 registration trial at U.S. sites and activation of new clinical trial sites in ex-U.S. regions.

Zai Lab

In April 2018, the Company entered into a license and collaboration agreement with Zai Lab (Shanghai) Co., Ltd., or Zai Lab, pursuant to which Zai Lab licensed exclusive rights to durlobactam and sulbactam-durlobactam, or SUL-DUR, in the Asia-Pacific region, or the Zai Agreement. Under the terms of the Zai Agreement, Zai Lab will fund most of the Company's clinical trial costs in China for SUL-DUR, including all costs in China for the Company's Phase 3 registration trial of SUL-DUR, with the exception of Phase 3 patient drug supply. Zai Lab will conduct

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

development activities and plan and obtain regulatory approval in a specified number of countries in the Asia-Pacific region beyond China after regulatory approval of a licensed product in China. Zai Lab is also solely responsible for commercializing licensed products in the Asia-Pacific region and will commercialize licensed products for which it has obtained regulatory approval. The Company is obligated to conduct specified development activities for the Asia-Pacific region. The Company is also obligated to supply Zai Lab with the licensed products for clinical development, although Zai Lab may take over manufacturing responsibilities for its own commercialization activities within a specified time period following the effective date of the Zai Agreement. Both parties are prohibited from developing and commercializing products in the Asia-Pacific region that would compete with the licensed products.

The Company received an upfront, non-refundable payment of $5.0 million, milestone payments of $7.0 million, research support funding of $0.6 million and certain other reimbursable registration trial costs of $2.0 million, less applicable taxes of $2.0 million from Zai Lab through March 2020. During the three months ended March 31, 2020 and 2019, the Company recognized no revenue under the Zai Agreement. The Company is eligible to receive up to an aggregate of $91.0 million in additional research and development support payments and development, regulatory and sales milestone payments related to SUL-DUR, imipenem and other combinations with the licensed products. In the event the China Food and Drug Administration requires a modification or supplement to the trial protocol, and the Company delays Zai Lab from proceeding with such modified protocol and subsequently obtaining regulatory approval for the pivotal study of SUL-DUR in China, then the future sales-based milestone payments that become due to the Company will be reduced by an agreed upon amount that increases with the length of the delay. Zai Lab will pay the Company a tiered royalty equal to a high-single digit to low-double digit percentage based on annual net sales of licensed products in the territory, subject to specified reductions for the market entry of competing products, loss of patent coverage of licensed products and for payments owed to third parties for additional rights necessary to commercialize licensed products in the territory.

The Company determined the $5.0 million non-refundable upfront payment was the entire transaction price at the outset of the Zai Agreement. All other future potential milestone payments were excluded from the transaction price as they were fully constrained as the risk of significant reversal of revenue had not yet been resolved. At the outset of the Zai Agreement, the achievement of the future potential milestones was not within the Company's control and was subject to certain research and development success, regulatory approvals or commercial success and therefore carried significant uncertainty. The Company reevaluates the likelihood of achieving the future milestones at the end of each reporting period. Future development milestone revenue from the arrangement will be recognized as revenue in the period when it is no longer probable that revenue attributable to the milestone will result in a significant reversal of cumulative revenue. Payments received for research support and reimbursable clinical trial costs are recorded as an offset to research and development expense during the period in which the qualifying expenses are incurred.

The Company evaluated the Zai Agreement under Topic 606 and identified two material promises: (1) an exclusive license to develop, manufacture and commercialize products containing durlobactam or SUL-DUR in the territory and (2) the initial technology transfer of licensed know-how. The Company determined that the exclusive license and initial technology transfer were not distinct from one another, as the license has limited value without the transfer of the Company's technology and Zai Lab would incur additional costs to recreate the Company's know-how. Therefore, the license and initial technology transfer were combined as a single performance obligation.

9. Stockholders' Equity and Stock-Based Compensation Expense

Aspire Common Stock Purchase Agreement

In October 2019, the Company entered into a common stock purchase agreement, or CSPA, with Aspire Capital Fund, LLC, or Aspire, which provided that, upon the terms and subject to the conditions and limitations set forth therein, Aspire is committed to purchase up to an aggregate of $20.0 million of shares of the Company's common stock over the 30-month term of the CSPA. Under the CSPA, on any trading day selected by the Company on which the closing price

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

of its common stock is equal to or greater than $0.25 per share, the Company has the right, in its sole discretion, to present Aspire with a purchase notice directing Aspire to purchase up to 50,000 shares of common stock per business day, at a purchase price equal to the lesser of the lowest sale price of common stock on the purchase date, or the arithmetic average of the three lowest closing sale prices during the 10 consecutive business days ending on the trading day immediately preceding the purchase date. The Company and Aspire also may mutually agree to increase the number of shares that may be sold to as much as 2,000,000 shares per business day.

In addition, on any date on which the Company submits a purchase notice to Aspire in an amount equal to 50,000 shares, the Company also has the right, in its sole discretion, to present Aspire with a volume-weighted average price purchase notice, or the VWAP Purchase Notice, directing Aspire to purchase an amount of stock equal to up to 30% of the aggregate shares of the Company's common stock traded on its principal market on the next trading day, or the VWAP Purchase Date, subject to a maximum number of shares the Company may determine. The purchase price per share pursuant to such VWAP Purchase Notice is generally 97% of the volume-weighted average price for the Company's common stock traded on its principal market on the VWAP Purchase Date.

Under the CSPA, the Company controls the timing and amount of any sales to Aspire, and is not limited with respect to use of proceeds or by any financial or business covenants, restrictions on future financings, rights of first refusal, participation rights, penalties or liquidated damages in the CSPA. The CSPA may be terminated by the Company at any time, at its discretion, without any cost to the Company. Aspire has no trading volume requirements or restrictions and has no right to require any sales by the Company but is obligated to make purchases as directed by the Company in accordance with the CSPA. Aspire has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of common stock during any time prior to the termination of the CSPA.

The CSPA further provides that the number of shares that may be sold pursuant to the CSPA will be limited to 2,626,165 shares, including 104,167 shares of common stock issued to Aspire as a commitment fee, which represented 19.99% of the Company's outstanding shares of common stock as of October 21, 2019, unless stockholder approval is obtained to issue more than 19.99%. This limitation will not apply under certain circumstances specified in the CSPA. During the quarter ended March 31, 2020, there were no shares purchased by Aspire pursuant to the CSPA.

Concurrently with entering into the CSPA, the Company also entered into a registration rights agreement with Aspire, pursuant to which the Company filed with the SEC a prospectus supplement to the Company's effective shelf registration statement on Form S-3 (File No. 333-234041), registering all of the shares of common stock that may be offered to Aspire from time to time under the CSPA. The Company's ability to sell shares to Aspire under the CSPA is subject to certain limitations arising under the Securities Purchase Agreement with Innoviva, which is discussed in Note 13, *Subsequent Events*.

Stock Incentive Plans

In September 2018, the Company's board of directors adopted, and its stockholders approved the 2018 Equity Incentive Plan, or the 2018 Plan, which became effective on September 25, 2018, at which point no further grants will be made under the 2015 Stock Incentive Plan, or the 2015 Plan. Under the 2018 Plan, the Company may grant incentive stock options, or ISOs, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units and other stock-based awards. As of March 31, 2020, options to purchase an aggregate of 2,226,406 shares had been granted and 150,720 shares were available for future issuance under the 2018 Plan.

At its inception, the aggregate number of shares of the Company's common stock available for issuance under the 2018 Plan was 2,350,000. The number of shares of the Company's common stock reserved for issuance under the 2018 Plan automatically increases on January 1 of each year, for a period of 10 years, from January 1, 2019 continuing through January 1, 2028, by 4% of the total number of shares of the Company's common stock outstanding on

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

December 31 of the preceding calendar year, or a lesser number of shares as may be determined by the Company's board of directors. Accordingly, on January 1, 2020 and 2019, 531,662 and 524,993 shares were added to the number of available shares, respectively. The maximum number of shares that may be issued pursuant to the exercise of ISOs under the 2018 Plan is 7,500,000.

The maximum number of shares of the Company's common stock subject to awards granted under the 2018 Plan or otherwise during a single calendar year to any nonemployee director, taken together with any cash fees paid by the Company to such nonemployee director during the calendar year for serving on the Company's board of directors, will not exceed $500,000 in total value, or, with respect to the calendar year in which a nonemployee director is first appointed or elected to the Company's board of directors, $800,000.

All options and awards granted under the 2015 Plan consisted of the Company's common stock. As of September 25, 2018, no additional stock awards have been or will be granted under the 2015 Plan. Although the 2015 Plan was terminated as to future awards in September 2018, it continues to govern the terms of options that remain outstanding under the 2015 Plan.

Stock Option Activity

Stock option activity under both plans during the three months ended March 31, 2020 is summarized as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2019	2,388,400	$ 6.20	8.44	$ 906
Granted	839,200	4.87		
Exercised	—	—		
Forfeited	(11,100)	5.01		
Outstanding as of March 31, 2020	3,216,500	$ 5.86	8.58	$ —
Exercisable as of March 31, 2020	1,110,613	$ 5.66	7.50	$ —

The aggregate intrinsic value of options is calculated as the difference between the exercise price of the options and the fair value of the Company's common stock for those options that had exercise prices lower than the fair value of the Company's common stock.

During the three months ended March 31, 2020, the weighted-average grant date fair value per granted option was $3.34.

Employee Stock Purchase Plan

In September 2018, the Company's board of directors and its stockholders approved the 2018 Employee Stock Purchase Plan, or the ESPP, which became effective as of September 25, 2018. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the U.S. Internal Revenue Code of 1986, as amended. The number of shares of common stock initially reserved for issuance under the ESPP was 140,000 shares. The ESPP provides for an annual increase on the first day of each year beginning in 2019 and ending in 2028, in each case subject to the approval of the board of directors, equal to the lesser of (i) 1% of the shares of common stock outstanding on the last day of the prior fiscal year or (ii) 250,000 shares; provided, that prior to the date of any such increase, the board of directors may determine that such increase will be less than the amount set forth in clauses (i) and

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

(ii). Pursuant to the terms of the 2018 Employee Stock Purchase Plan, an additional 132,915 and 131,248 shares were added to the number of available shares effective January 1, 2020 and 2019, respectively. As of March 31, 2020, no shares of common stock had been issued under the ESPP and 404,163 shares remained available for future issuance under the ESPP. No offering period under the ESPP has been set by the Company's board of directors.

Stock-Based Compensation

Stock-based compensation expense was classified in the consolidated statement of operations as follows (in thousands):

	Three Months Ended March 31,	
	2020	2019
Research and development	$ 349	$ 232
General and administrative	436	346
Total stock-based compensation expense	$ 785	$ 578

As of March 31, 2020, total unrecognized stock-based compensation expense related to unvested options was $8.0 million, which is expected to be recognized over the weighted average period of approximately 2.9 years. The total unrecognized stock-based compensation expense will be adjusted for actual forfeitures as they occur.

10. Net Loss per Share

Basic net loss per share is calculated by dividing net loss by the weighted average number of shares of common stock outstanding for the period, without consideration for common stock equivalents. The Company's potentially dilutive shares, which include outstanding stock options, are considered to be common stock equivalents and are only included in the calculation of diluted net loss per share when their effect is dilutive.

Options to purchase 3,216,500 and 1,966,976 shares of common stock as of March 31, 2020 and 2019, respectively, were excluded from the calculation of net loss per share due to their anti-dilutive effect.

11. Commitments

Lease Commitments

The Company has an operating lease agreement for its office and laboratory space with AstraZeneca. See Note 5, *Leases*, for additional information.

A Subscription Agreement

In connection with the Company's 2015 spin-out from AstraZeneca, the Company entered into a business transfer and subscription agreement with AstraZeneca pursuant to which the Company agreed to pay AstraZeneca a one-time milestone payment of $5.0 million within three months of achieving a specified cumulative net sales milestone for durlobactam. This milestone payment will be automatically waived should the Company's common stock trade on The Nasdaq Global Market at or above a specified price at any time prior to achieving such specified cumulative net sales milestone for durlobactam. The Company is also obligated to pay AstraZeneca a one-time milestone payment of $10.0 million within two years of achieving the first commercial sale of zoliflodacin. At the Company's election, either milestone payment may be paid in cash, common stock, or a combination of cash and common stock. Additionally, the Company is obligated to pay AstraZeneca tiered, single-digit, per-country royalties on the annual worldwide net sales of durlobactam and zoliflodacin.

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

12. Related Party Transactions

AstraZeneca

The Company was formed in May 2015 as a wholly owned subsidiary of AstraZeneca. Prior to the closing of the initial public offering on September 28, 2018, AstraZeneca was the sole series A preferred stockholder. Upon the closing of the initial public offering, all shares of preferred stock converted into shares of common stock of the Company. AstraZeneca continues to maintain an ownership interest in the Company. The Company has an operating lease agreement for its office and laboratory space with AstraZeneca. See Note 5, *Leases*, for additional information.

Pharmaron Beijing Co., Ltd. (China)

The Company contracts with Pharmaron Beijing Co., Ltd. (China), or Pharmaron, to provide various medicinal chemistry research, manufacturing development and clinical services related to the Company's ongoing product candidates. The Company began utilizing Pharmaron as a service provider prior to the spin-out in 2015 (see Note 1, *Organization and Description of Business*, to these notes to consolidated financial statements), and this relationship has continued into 2020. In 2019, the Senior Vice President of Strategic Partnerships at Pharmaron began sharing a household with the Company's Chief Executive Officer, and as a result the Company now considers the agreements between the Company and Pharmaron to be related-party transactions. The Company recorded expense of $0.9 million and $2.2 million during the three months ended March 31, 2020 and 2019, respectively, for services rendered pursuant to multiple Pharmaron agreements. Amounts due to Pharmaron were $0.2 million and $0.8 million and as of March 31, 2020 and December 31, 2019, respectively.

13. Subsequent Events

Securities Purchase Agreement

On April 12, 2020, the Company entered into a securities purchase agreement, or the Securities Purchase Agreement, with Innoviva, Inc., or Innoviva, pursuant to which the Company agreed to issue and sell to Innoviva, in a private placement under the applicable Nasdaq Stock Market LLC, or Nasdaq, rules up to 14,000,000 newly issued shares of common stock, par value $0.001 per share, of the Company, or the Common Stock, and warrants, or the Common Warrants, to purchase up to 14,000,000 shares of the Common Stock, each with an exercise price per share of $2.50, collectively the Private Placement. The Common Warrants will be exercisable immediately and will have a five-year term. Each share of Common Stock and Common Warrant, or together, the Common Unit, will be issued and sold together to Innoviva at a price per Common Unit of $2.50.

Under the Securities Purchase Agreement, the Private Placement occurs in two tranches. At the closing of the first tranche, or the First Closing, which occurred on April 22, 2020, Innoviva purchased 1,322,510 shares of the Common Stock and the Common Warrants to purchase 1,322,510 shares of the Common Stock, for an aggregate purchase price of approximately $3.3 million. At the closing of the second tranche, or the Second Closing, subject to satisfaction of certain closing conditions, including the Company's stockholders' voting in favor of the transaction, Innoviva will purchase the remaining shares of the Common Stock and Common Warrants, which is anticipated to be 12,677,490 shares of the Common Stock and the Common Warrants to purchase 12,677,490 shares of the Common Stock for an aggregate purchase price of approximately $31.7 million.

The Company expects to receive aggregate gross proceeds from the Private Placement of $35.0 million, before deducting transaction expenses, and excluding proceeds (if any) received in connection with the exercise of any of the Common Warrants. At the effective time of the Second Closing, assuming the exercise of all of the Common Warrants, Innoviva will hold approximately 67.8% of the Company's outstanding common stock.

ENTASIS THERAPEUTICS HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

The Securities Purchase Agreement contains customary representations and warranties as well as certain operating covenants applicable to the Company until the Second Closing. The Securities Purchase Agreement contains certain customary termination rights for both the Company and Innoviva, including, but not limited to, mutual written consent of the parties; by either party, if a governmental entity of competent jurisdiction issues a final and non-appealable order; and by either party, upon the breach of any representation, warranty, covenant or other agreement of the Securities Purchase Agreement by the other that is not cured before the earlier of the 10th day following notice of such breach and the termination date. If the Second Closing does not occur under specified circumstances, the Company will be required to pay Innoviva a termination fee in an amount equal to $850,000, plus reimbursement of expenses, which are capped at $250,000.

The Second Closing is expected to close in the second quarter of 2020, subject to the satisfaction of certain closing conditions referenced above. To date, the Company has incurred $0.2 million in financing costs in connection with the Securities Purchase Agreement.

Investor Rights Agreement

At the First Closing, Innoviva and the Company entered into an investors rights agreement, or the Investor Rights Agreement, which provides that for so long as Innoviva and its affiliates hold at least 15% of the outstanding shares of the Common Stock on a fully-diluted basis, Innoviva shall have the right to designate two directors to the board of directors of the Company, or the Board; and for so long as Innoviva and its affiliates hold at least 8% of the outstanding shares of the Common Stock on a fully-diluted basis, Innoviva shall have the right to designate one director to the Board, subject to certain qualifications and conditions in the Investor Rights Agreement. The Investor Rights Agreement also provides for participation rights for Innoviva to participate pro rata in future offerings of securities by the Company.

Registration Rights Agreements

At the First Closing, the Company and Innoviva entered into a registration rights agreement, or the Registration Rights Agreement, pursuant to which, among other things, the Company must prepare and file with the SEC a registration statement with respect to resales of the shares of the Common Stock and the Common Warrants purchased by Innoviva under the Securities Purchase Agreement within 30 days of the First Closing.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the unaudited consolidated financial information and the notes thereto included in this Quarterly Report on Form 10-Q and with our audited consolidated financial information and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission, or SEC, on March 11, 2020, or the Annual Report on Form 10-K. In addition, you should read the "Risk Factors" and "Special Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q and in the Annual Report on Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are an advanced, clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of novel antibacterial products that address high unmet medical needs to treat serious infections caused by multidrug-resistant Gram-negative bacteria. Leveraging our targeted-design platform, our strategy is to discover and develop novel molecules that overcome mechanisms of antibiotic resistance in specific bacterial pathogens.

Our lead product candidate, sulbactam-durlobactam, or SUL-DUR, is a fixed-dose intravenous, or IV, combination of sulbactam, an IV β-lactam antibiotic, and durlobactam, a novel broad-spectrum intravenous β-lactamase inhibitor, or BLI, that we are developing for the treatment of multidrug-resistant infections caused by *Acinetobacter baumannii*, or *Acinetobacter*. We initiated ATTACK, our single Phase 3 registration trial in April 2019, with data readout now expected in early 2021 after contemplation of delays anticipated due to the COVID-19 pandemic. We believe that the data from the ATTACK trial, along with data from our other clinical trials of SUL-DUR, will be sufficient to submit a new drug application, or NDA, to the U.S. Food and Drug Administration, or FDA.

Our second late-stage product candidate, zoliflodacin, is a novel orally administered molecule being developed for the treatment of uncomplicated gonorrhea. The bacterial pathogen responsible for gonorrhea is *Neisseria gonorrhoeae*, or *N. gonorrhoeae*, including multidrug-resistant strains. We believe there is a growing global unmet patient need for a single-dose oral antibiotic that will reliably treat patients with gonorrhea, including infections caused by multidrug-resistant strains of *N. gonorrhoeae*. The sponsor for the Phase 3 registration trial is our nonprofit collaborator, the Global Antibiotic Research and Development Partnership, or GARDP. The registration trial was initiated in September 2019. Given the focus at our clinical trial sites to address the immediate medical needs due to the COVID-19 pandemic, GARDP, with our full agreement, made the decision in late-March to temporarily suspend patient enrollment into the Phase 3 registration trial at U.S. sites and activation of new clinical trial sites in ex-U.S. regions. At this time, we cannot provide guidance on when these trial activities will resume. Assuming resumption of activities in the second quarter of 2020, we still anticipate top-line data in the second half of 2021, which we believe, along with data from our other clinical trials of zoliflodacin, will be sufficient for submitting an NDA to the FDA.

We are also developing ETX0282CPDP for the treatment of complicated urinary tract infections, or cUTIs, including those caused by extended-spectrum β-lactamase, or ESBL, producing bacterial strains and carbapenem-resistant *Enterobacteriaceae*, or CRE. ETX0282CPDP is an oral, fixed-dose combination of ETX0282 with cefpodoxime proxetil. We believe there is a significant unmet need for new oral antibiotics to reliably treat the estimated 3 to 4 million patients diagnosed annually with cUTIs. We reported preliminary trial results in June 2019 and are now progressing with modified release formulation work.

Lastly, we are using our targeted-design platform to develop a novel class of antibiotics, non β-lactam inhibitors of penicillin-binding proteins, or NBPs. We believe our NBPs constitute a potential new class of Gram-negative antibacterial agents with no pre-existing resistance that are designed to target a broad spectrum of pathogens, including *Pseudomonas aeruginosa*, or *Pseudomonas*. During the fourth quarter of 2019 we selected ETX0462 as a candidate for this program.

Since our inception in May 2015, we have devoted substantially all of our resources to organizing and staffing our Company, business planning, raising capital, acquiring or discovering product candidates and securing related intellectual property rights, conducting discovery and development activities for our programs and planning for potential commercialization. We do not have any products approved for sale and have not generated any revenue from product sales. As of March 31, 2020, we have funded our operations primarily with net cash proceeds of $104.2 million from the sale of our preferred stock and net cash proceeds of $65.6 million from the sale of common stock in our initial public offering. We have also either directly received funding or financial commitments from, or have had our program activities conducted and funded by, the U.S. government through our arrangements with the U.S. National Institute of Allergy and Infectious Diseases, or NIAID, the Combating Antibiotic Resistant Bacteria Biopharmaceutical Accelerator program, or CARB-X, and the U.S. Department of Defense, and have received non-profit awards from GARDP, and upfront and milestone payments from our license and collaboration agreement with Zai Lab (Shanghai), Co., Ltd., or Zai Lab.

Funding Arrangements

In March 2017 and October 2017, we entered into funding arrangements with the Trustees of Boston University to utilize funds from the U.S. government, through the CARB-X program, for support of our ETX0282 and NBP programs. These funding arrangements could cover up to $16.8 million of our specified research expenditures from April 2017 through September 2021. As of March 31, 2020, we had received $7.4 million in payments and we have recorded $8.0 million of grant income under these funding arrangements.

In July 2017, we entered into a collaboration agreement with GARDP for the development and commercialization of a product candidate containing zoliflodacin in certain countries. Under the terms of the collaboration agreement, GARDP will fully fund the ongoing Phase 3 registration trial, including the manufacture and supply of the product candidate containing zoliflodacin, in uncomplicated gonorrhea.

In April 2018, we entered into a license and collaboration agreement with Zai Lab pursuant to which Zai Lab licensed exclusive rights to durlobactam and SUL-DUR in the Asia-Pacific region. Under the terms of the agreement, Zai Lab will fund most of our registration trial costs in China for SUL-DUR, including all costs in China for our Phase 3 registration trial of SUL-DUR, with the exception of Phase 3 patient drug supply of licensed product. As of March 31, 2020, we have received net payments of $12.6 million, representing the $5.0 million upfront payment, $7.0 million of milestone payments, $0.6 million of research support payments and $2.0 million of certain other reimbursable registration trial costs, less applicable taxes of $2.0 million, from Zai Lab and we have recognized revenue of $12.0 million under this agreement.

Financial Overview

Revenue

All of our revenue has been derived from our license and collaboration arrangement with Zai Lab. To date, we have not generated any revenue from product sales, and we do not expect to generate any revenue from the sale of products in the near future. If our development efforts for our product candidates and preclinical program are successful and result in regulatory approval, we may generate revenue in the future from product sales.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our product discovery efforts and the development of our preclinical and clinical product candidates. These expenses include:

- employee-related expenses, including salaries and benefits, bonus and stock-based compensation expense for employees engaged in research and development functions;

- fees paid to consultants for services directly related to our product development and regulatory efforts;
- expenses incurred under agreements with contract research organizations, or CROs, as well as contract manufacturing organizations, or CMOs, and consultants that conduct and provide supplies for our preclinical studies and clinical trials;
- costs associated with preclinical activities and development activities;
- costs associated with our technology and our intellectual property portfolio;
- costs related to compliance with regulatory requirements; and
- facilities-related expenses, which include allocated rent and maintenance of facilities and other operating costs.

Costs associated with research and development activities are expensed as incurred. Costs for certain development activities, such as clinical trials, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations or other information provided to us by our vendors. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. Such amounts are recognized as an expense as the goods are delivered or the related services are performed, or until it is no longer expected that the goods will be delivered, or the services rendered.

Our direct research and development expenses are tracked on a program-by-program basis for our product candidates and preclinical program and consist primarily of external costs, such as fees paid to outside consultants, CROs, CMOs and central laboratories in connection with our preclinical development, process development, manufacturing and clinical development activities. Our direct research and development expenses by program also include fees incurred under service, license or option agreements. We do not allocate employee costs or facility expenses to specific programs because these costs are deployed across multiple programs and, accordingly, are not separately classified. We primarily use internal resources and our own employees to conduct our research and discovery as well as for managing our preclinical development, process development, manufacturing and clinical development activities.

To date, substantially all of our research and development expenses have been related to the preclinical and clinical development of our product candidates and preclinical program. The following table shows our research and development expenses by development program and type of activity:

	Three Months Ended March 31,	
	2020	2019
Direct research and development expenses by program:		
SUL-DUR	$ 7,409	$ 6,916
ETX0282	100	703
Zoliflodacin	10	15
Other preclinical programs	259	601
Unallocated research and development expenses:		
Personnel related (including stock-based compensation)	3,230	2,264
Facilities, supplies and other	615	503
Total research and development expenses	$ 11,623	$ 11,002

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. It is difficult to determine with certainty the duration and completion costs of our current or future preclinical programs and clinical trials of our product candidates,

or if, when or to what extent we will generate revenues from the commercialization and sale of any of our product candidates that obtain regulatory approval. We may never succeed in achieving regulatory approval for any of our product candidates.

The duration, costs and timing of clinical trials and development of our product candidates and preclinical program will depend on a variety of factors that include, but are not limited to, the following:

- the number of trials required for approval and any requirement for extension trials;
- per-patient trial costs;
- the number of patients that participate in the trials;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the impact of COVID-19 on hospitals participating in the trials and their ability to focus on our trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of patient follow-up; and
- the efficacy and safety profiles of the product candidates.

Any changes in the outcome of any of these factors with respect to the development of our product candidates could mean a significant change in the costs and timing associated with the development of these product candidates. In addition, the probability of success for each product candidate will depend on numerous factors, including competition, manufacturing and supply, and commercial viability. We will determine which programs to pursue and how much to fund each program based on the scientific and clinical success of each product candidate, as well as an assessment of each candidate’s commercial potential.

General and Administrative Expenses

General and administrative expenses consist of salaries and benefits, travel and stock-based compensation expense for personnel in executive, finance and administrative functions. General and administrative costs also include facilities-related costs not otherwise included in research and development expenses as well as professional fees for legal, patent, consulting, accounting, insurance and audit services.

We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support our continued research, development and commercialization activities of our product candidates. Additionally, if and when we believe a regulatory approval of a product candidate appears likely, we anticipate an increase in payroll and other employee-related expenses as a result of our preparation for commercial operations, especially as it relates to the sales and marketing functions for that product candidate.

Other Income

Grant Income

Grant income consists of income recognized in connection with grants we received under our funding arrangements with the Trustees of Boston University through the CARB-X program. Grant income is recognized in the period during which the related specified expenses are incurred.

Interest Income

Interest income consists of interest earned on our cash and investment balances.

Provision for Income Taxes

The provision for income taxes primarily consists of provisions for foreign withholding income taxes on payments related to our agreement with Zai Lab.

Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in our consolidated financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes to our critical accounting policies from those described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” disclosed in our most recent Annual Report on Form 10-K.

Results of Operations

Three Months Ended March 31, 2020 and 2019

The following table summarizes our results of operations for the periods presented:

	Three Months Ended March 31,		
	2020	2019	Change
	(in thousands)		
Operating expenses:			
Research and development	$ 11,623	$ 11,002	$ 621
General and administrative	3,780	3,189	591
Total operating expenses	15,403	14,191	1,212
Loss from operations	(15,403)	(14,191)	(1,212)
Other income:			
Grant income	13	829	(816)
Interest income	124	492	(368)
Total other income	137	1,321	(1,184)
Loss before income taxes	(15,266)	(12,870)	(2,396)
Provision for income taxes	—	71	(71)
Net loss	$ (15,266)	$ (12,941)	$ (2,325)

Research and Development Expenses

Research and development expenses were $11.6 million during the three months ended March 31, 2020, compared to $11.0 million during the three months ended March 31, 2019. The increase of $0.6 million was primarily due to an increase of $1.0 million in personnel expenses associated with higher headcount, higher salaries and higher stock-based compensation expense resulting from options granted during the year ended December 31, 2019 and the quarter ended March 31, 2020, and an increase of $0.5 million related to our SUL-DUR product candidate. These costs were partially offset by a decrease of $0.6 million related to our ETX0282CPDP product candidate, and a decrease of $0.3 million in other preclinical program expenses. The increase of $0.5 million in expenses related to our SUL-DUR product candidate was primarily due to an increase of $1.3 million in development expenses and an increase of $0.2 million in preclinical expenses, partially offset by a decrease of $1.0 million in manufacturing costs. The decrease of $0.6 million in expenses related to our ETX0282CPDP product candidate was primarily due to a decrease of $0.6 million in clinical development expenses.

General and Administrative Expenses

General and administrative expenses were $3.8 million during the three months ended March 31, 2020, compared to $3.2 million during the three months ended March 31, 2019. The increase of $0.6 million was driven primarily by an increase of $0.6 million in personnel expenses associated with higher headcount during the three months ended March 31, 2020 as compared to the three months ended March 31, 2019.

Other Income

Other income was $0.1 million during the three months ended March 31, 2020, compared to $1.3 million during the three months ended March 31, 2019. The decrease of $1.2 million was due to a decrease of $0.8 million in grant income associated with our grant agreements under the CARB-X programs and a decrease of $0.4 million in interest income.

Provision for Income Taxes

There was no provision for income taxes during the three months ended March 31, 2020, compared to $0.1 million during the three months ended March 31, 2019. The $0.1 million decrease was due to the timing of payments received as a result of milestone achievements in connection with our ongoing license and collaboration agreement with Zai Lab. Our losses before income taxes were generated in the United States and the United Kingdom. Consistent with all prior periods, the Company did not record any income tax benefit for its operating losses due to the uncertainty regarding future taxable income. Accordingly, a full valuation allowance has been established against the deferred tax assets as of March 31, 2020.

Liquidity and Capital Resources

Overview

As of March 31, 2020, we had raised aggregate net cash proceeds of $104.2 million from the sale of redeemable convertible preferred stock and $65.6 million of net proceeds from the sale of common stock in our initial public offering, which we have used to fund our operations. In addition, we have also either directly received funding or financial commitments from, or have had our program activities conducted and funded by, the U.S. government through arrangements with NIAID, CARB-X and the U.S. Department of Defense, and have received non-profit awards from GARDP and upfront and milestone payments from Zai Lab. As of March 31, 2020, we had cash, cash equivalents and short-term investments of $27.5 million. As discussed further in Note 13, *Subsequent Events*, in April 2020 we entered into a securities purchase agreement with Innoviva, Inc. pursuant to which we expect to receive aggregate gross proceeds of $35 million.

We have incurred operating losses and experienced negative operating cash flows since our inception and anticipate that we will continue to incur losses for at least the next several years. Our net loss was $15.3 million for the quarter ended March 31, 2020. As of March 31, 2020, we had an accumulated deficit of $149.2 million.

We believe that our existing cash, cash equivalents and short-term investments, together with proceeds to be received from the Innoviva transaction will enable us to fund our operating expenses and capital requirements through one year from the date of this filing. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect.

Funding Requirements

Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, third-party clinical research and development services, laboratory and related supplies, manufacturing development costs, legal and other regulatory expenses and general administrative costs.

The successful development of our product candidates is highly uncertain. At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the clinical development of our product candidates and obtain regulatory approvals. We are also unable to predict when, if ever, net cash inflows will commence from product sales. This is due to the numerous risks and uncertainties associated with developing drugs, including, among others, the uncertainty of:

- successful enrollment in, and completion of clinical trials;
- performing preclinical studies and clinical trials in compliance with the FDA, the European Medicines Agency, or EMA, or any comparable regulatory authority requirements;
- the ability of collaborators to manufacture sufficient quantity of product for development, clinical trials or potential commercialization;

- obtaining marketing approvals with labeling for sufficiently broad patient populations and indications, without unduly restrictive distribution limitations or safety warnings, such as black box warnings or a risk evaluation and mitigation strategies program;
- obtaining and maintaining patent, trademark and trade secret protection and regulatory exclusivity for our product candidates;
- making arrangements with third parties for manufacturing capabilities;
- launching commercial sales of products, if and when approved, whether alone or in collaboration with others;
- acceptance of the therapies, if and when approved, by physicians, patients and third-party payors;
- competing effectively with other therapies;
- obtaining and maintaining healthcare coverage and adequate reimbursement;
- protecting our rights in our intellectual property portfolio;
- maintaining a continued acceptable safety profile of our drugs following approval; and
- the duration and potential impact of the COVID-19 outbreak.

A change in the outcome of any of these variables with respect to the development of any of our product candidates would significantly change the costs and timing associated with the development of that product candidate.

We will not generate revenue from product sales unless and until we or a collaborator successfully complete clinical development and obtain regulatory approval for our current and future product candidates. If we obtain regulatory approval for any of our product candidates that we intend to commercialize on our own, we will incur significant expenses related to commercialization, including developing our internal commercialization capability to support product sales, marketing and distribution.

As a result, we will need substantial additional funding to support our continuing operations and to pursue our growth strategy. Until such time, if ever, when we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings and potential collaboration, license and development agreements. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our drug development or future commercialization efforts or grant rights to a third party to develop and market product candidates that we would otherwise prefer to develop and market ourselves. Our failure to raise capital as and when needed would compromise our ability to pursue our business strategy.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

Aspire Common Stock Purchase Agreement

In October 2019, we entered into a common stock purchase agreement, or CSPA, with Aspire Capital Fund, LLC, or Aspire, which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire is committed to purchase up to an aggregate of $20.0 million of shares of our common stock over the 30-month term of the CSPA. Under the CSPA, on any trading day selected by us on which the closing price of our common stock is equal to or greater than $0.25 per share, we have the right, in our sole discretion, to present Aspire with a purchase notice directing Aspire to purchase up to 50,000 shares of our common stock per business day, at a purchase price equal to the lesser of the lowest sale price of common stock on the purchase date, or the arithmetic average of the three lowest closing sale prices during the 10 consecutive business days ending on the trading day immediately preceding the purchase date. We and Aspire also may mutually agree to increase the number of shares that may be sold to as much as 2,000,000 shares per business day.

In addition, under the CSPA on any date on which we submit a purchase notice to Aspire in an amount equal to 50,000 shares, we also have the right, in our sole discretion, to present Aspire with a volume-weighted average price purchase notice, or VWAP Purchase Notice, directing Aspire to purchase an amount of stock equal to up to 30% of the aggregate shares of our common stock traded on its principal market on the next trading day, or the VWAP Purchase Date, subject to a maximum number of shares we may determine. The purchase price per share pursuant to such VWAP Purchase Notice is generally 97% of the volume-weighted average price for our common stock traded on its principal market on the VWAP Purchase Date.

Under the terms of the CSPA, we control the timing and amount of any sales to Aspire, and we are not limited with respect to use of proceeds or by any financial or business covenants, restrictions on future financings, rights of first refusal, participation rights, penalties or liquidated damages in the CSPA. The CSPA may be terminated by us at any time, at our discretion, without any cost to us. Aspire has no trading volume requirements or restrictions and has no right to require any sales by Entasis but is obligated to make purchases as directed by us in accordance with the CSPA. Aspire has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of common stock during any time prior to the termination of the CSPA.

The CSPA further provides that the number of shares that may be sold pursuant to the CSPA will be limited to 2,626,165 shares, which represents 19.99% of our outstanding shares of common stock as of October 21, 2019, unless stockholder approval is obtained to issue more than 19.99%. This limitation will not apply under certain circumstances specified in the CSPA. During the three months ended March 31, 2020, no shares were purchased by Aspire pursuant to the CSPA.

Concurrently with entering into the CSPA, we also entered into a registration rights agreement with Aspire, pursuant to which we filed with the SEC a prospectus supplement to our effective shelf registration statement on Form S-3 (File No. 333-234041), registering all of the shares of common stock that may be offered to Aspire from time to time under the CSPA.

Innoviva, Inc. Securities Purchase Agreement

On April 12, 2020, we entered into a securities purchase agreement, or the Securities Purchase Agreement, with Innoviva pursuant to which we agreed to issue and sell to Innoviva, in a private placement under the applicable Nasdaq Stock Market LLC, or Nasdaq, rules up to 14,000,000 newly issued shares of our common stock, par value $0.001 per share, or the Common Stock, and warrants, or the Common Warrants, to purchase up to 14,000,000 shares of the Common Stock, each with an exercise price per share of $2.50, or the Private Placement. The Common Warrants will be exercisable immediately and will have a five-year term. Each share of the Common Stock and along with the Common Warrant, or together, the Common Unit, will be issued and sold together to Innoviva at a price per Common Unit of $2.50.

Under the Securities Purchase Agreement, the Private Placement occurs in two tranches. At the closing of the first tranche, or the First Closing, which occurred on April 22, 2020, Innoviva purchased 1,322,510 shares of the Common Stock and the Common Warrants to purchase 1,322,510 shares of the Common Stock, for an aggregate

purchase price of approximately $3.3 million. At the closing of the second tranche, or the Second Closing, subject to satisfaction of certain closing conditions, including our stockholders' voting in favor of the transaction, Innoviva will purchase the remaining shares of the Common Stock and the Common Warrants, which is anticipated to be 12,677,490 shares of the Common Stock and the Common Warrants to purchase 12,677,490 shares of the Common Stock for an aggregate purchase price of approximately $31.7 million.

We expect to receive aggregate gross proceeds from the Private Placement of $35.0 million, before deducting transaction expenses, and excluding proceeds (if any) received in connection with the exercise of any of the Common Warrants. At the effective time of the Second Closing, assuming the exercise of all of the Common Warrants, Innoviva will hold approximately 67.8% of our outstanding common stock.

The Securities Purchase Agreement contains customary representations and warranties as well as certain operating covenants applicable to us until the Second Closing. The Securities Purchase Agreement contains certain customary termination rights for both Entasis and Innoviva, including, but not limited to, mutual written consent of the parties; by either party, if a governmental entity of competent jurisdiction issues a final and non-appealable order; and by either party, upon the breach of any representation, warranty, covenant or other agreement of the Securities Purchase Agreement by the other that is not cured before the earlier of the 10th day following notice of such breach and the termination date. If the Second Closing does not occur under specified circumstances, we will be required to pay Innoviva a termination fee in an amount equal to $850,000, plus reimbursement of expenses, which are capped at $250,000.

The Second Closing is expected to close in the second quarter of 2020, subject to the satisfaction of certain closing conditions referenced above.

Cash Flows

The following table summarizes our cash flows for the periods presented (in thousands):

	Three Months Ended March 31,	
	2020	2019
Net cash used in operating activities	$ (13,568)	$ (10,599)
Net cash provided by (used in) investing activities	15,000	(25,087)
Net cash used in financing activities	(16)	(139)
Net increase (decrease) in cash and cash equivalents	$ 1,416	$ (35,825)

Operating Activities

During the three months ended March 31, 2020, operating activities used $13.6 million of cash, resulting from our net loss of $15.3 million offset by non-cash charges of $0.8 million and net cash provided by changes in operating assets and liabilities of $0.9 million. Net cash provided by changes in operating assets and liabilities for the three months ended March 31, 2020 consisted primarily of a $1.6 million decrease in prepaid expenses, a $1.0 million decrease in other assets and a $0.3 million decrease in grants receivable. These provisions of cash were partially offset by a $1.9 million decrease in accrued expenses and other liabilities and a $0.2 million decrease in accounts payable.

During the three months ended March 31, 2019, operating activities used $10.6 million of cash, resulting primarily from our net loss of $12.9 million offset by net cash provided by changes in operating assets and liabilities of $1.9 million and non-cash charges of $0.4 million. Net cash provided by changes in operating assets and liabilities for the three months ended March 31, 2019 consisted primarily of a $2.7 million increase in accounts payable and a $1.9 million increase in accrued expenses and other current liabilities. These sources of cash were partially offset by a $2.2 million increase in other assets and a $0.3 million increase in prepaid expenses.

Investing Activities

During the three months ended March 31, 2020, net cash provided by investing activities was $15.0 million, consisting of net proceeds from maturities of short-term investments.

During the three months ended March 31, 2019, net cash used in investing activities was $25.1 million, consisting primarily of our purchase of short-term investments.

Financing Activities

During the three months ended March 31, 2020, net cash used by financing activities was $16,000, which consisted of payments of financing costs.

During the three months ended March 31, 2019, net cash used by financing activities was $0.1 million, which consisted primarily of payments of initial public offering costs.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Recent Accounting Pronouncements

Refer to Note 2, *Summary of Significant Accounting Policies*, in the accompanying notes to our unaudited consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide disclosure for this Item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2020. Based upon the evaluation, our Chief

Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting.

There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2020 materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently a party to any material legal proceedings, and we are not aware of any pending or threatened legal proceeding against us that we believe could have an adverse effect on our business, operating results or financial condition.

Item 1A. Risk Factors.

With the exception of the risk factors listed below, there have been no material changes in risk factors discussed in Part I, Item 1A. Risk Factors in our most recent Annual Report filed on Form 10-K.

Risks Resulting from the Current Global Pandemic

The recent outbreak of COVID-19 pandemic could have an adverse effect on our business, development programs and access to capital.

The novel coronavirus (COVID-19) pandemic is having an unprecedented impact on the U.S. economy as federal, state and local governments react to this public health crisis. Many states and local municipalities have issued social distancing and stay-at-home orders that have resulted in the closure of corporate offices and factories and may disrupt business operations and supply chains. Although we are considered an "essential business" for purposes of the state and local stay-at-home orders, the majority of our employees have been working remotely since the issuance of the orders and our laboratory workers operate in reduced and/or staggered shifts. The pandemic has also seriously impacted healthcare systems in impacted countries, with all available resources directed to identifying and treating persons infected with the virus. As healthcare systems focus on patients affected by the pandemic, global clinical trials, including our two Phase 3 clinical trials, have seen significant declines in activity or have been suspended temporarily. As a result of these changes, the timelines for completion of our clinical trials and earlier-stage development programs may be materially impacted. For example, given the focus at our clinical trial sites to address the immediate medical needs due to the COVID-19 pandemic, GARDP, with our full agreement, made the decision in late-March to temporarily suspend patient enrollment into the Phase 3 registration trial at U.S. sites and activation of new clinical trial sites in ex-U.S. regions. Significant delays in the initiation and completion of our clinical trials or the development of any of our product candidates are costly and could adversely affect our ability to obtain regulatory approval for and successful commercialization of our product candidates. The nature and extent of the impact remains uncertain as the duration of the outbreak and the time needed for businesses and healthcare systems to recover remains unknown. Although we are continuing to actively monitor and assess the effects of the COVID-19 pandemic on our business and development programs, the ultimate impact of the coronavirus pandemic is highly uncertain and subject to change.

Our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to, and volatility in, financial markets in the United States and worldwide resulting from the ongoing COVID-19 pandemic. Some economists and major investment banks have expressed concern that the continued spread of the virus globally could lead to a world-wide economic downturn or recession and, by extension, limit our access to financial resources from the capital markets and other sources.

Risks Relating to our Common Stock

Innoviva may exert a substantial influence on actions requiring stockholder vote, potentially in a manner that you do not support.

As of April 30, 2020, Innoviva holds approximately 9% of our issued and outstanding shares of Common Stock, and accordingly controls approximately 9% of our voting power. Following the Second Closing, Innoviva will hold 14,000,000 shares of our Common Stock, representing approximately 51.3% of our issued and outstanding shares of Common Stock. In addition, Innoviva will hold 14,000,000 warrants to purchase shares of our Common Stock following the Second Closing. If Innoviva were to exercise the warrants, it would hold approximately 67.8% of our issued and outstanding shares of common stock. Innoviva's large ownership stake may allow it to exert a significant influence on actions requiring a stockholder vote, potentially including amendments to our certificate of incorporation, election of our board of directors, removal of any of our directors, adoption of measures that could delay or prevent a change in control or impede a merger, takeover, or other business combination involving us, and approval of other major corporate transactions. In addition, Innoviva's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price. Accordingly, our stockholders other than Innoviva may be unable to influence management and exercise control over our business.

Provisions in the Securities Purchase Agreement and related documents may deter or prevent us from raising additional capital to fund our operations.

Provisions in the agreements we entered into in connection with the Private Placement may deter or prevent us from raising additional capital to fund our operations as and when needed. For example, the Investor Rights Agreement provides participation rights for Innoviva to participate pro rata in our future offerings of securities. These and other provisions in the Private Placement documents could deter or prevent us from raising additional capital. Our failure to raise capital as and when needed would have a negative effect on our financial condition and our ability to develop and commercialize our pipeline and otherwise pursue our business strategy and we may be unable to continue as a going concern.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-38670), filed with the SEC on September 28, 2018).
3.2	Amended and Restated Bylaws of the Company (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-38670), filed with the SEC on September 28, 2018).
4.1	Registration Rights Agreement, by and between the Company and Innoviva, Inc., dated April 22, 2020 (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-38670), filed with the SEC on April 22, 2020.
4.2	Form of Warrant Certificate (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-38670), filed with the SEC on April 13, 2020).
10.1+	Form of Executive Officer Employment Agreement.
10.2+	Employment Agreement between the Company and Eric Kimble, effective September 6, 2019.
10.3+	Non-employee Director Compensation Policy, as amended June 19, 2019.
10.4	Securities Purchase Agreement, by and between the Company and Innoviva, Inc., dated April 12, 2020 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-38670), filed with the SEC on April 13, 2020).
10.5	Form of Voting Agreement (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-38670), filed with the SEC on April 13, 2020).
10.6	Investor Rights Agreement, by and between the Company and Innoviva, Inc., dated April 22, 2020 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-38670), filed with the SEC on April 22, 2020).
31.1	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

+ Indicates management contract or compensatory plan.

* Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENTASIS THERAPEUTICS HOLDINGS INC.

Date: May 7, 2020

By: /s/ Manoussos Perros, Ph.D.
Manoussos Perros, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 7, 2020

By: /s/ Michael Gutch, Ph.D.
Michael Gutch, Ph.D.
Chief Financial Officer and Chief Business Officer
(Principal Financial Officer and Principal Accounting Officer)

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "***Agreement***") is entered into by and between ("***Executive***") and Entasis Therapeutics Inc. (the "***Company***") and is effective as of September 6, 2019 (the "***Effective Date***").

The Company desires to continue to employ Executive and, in connection with such employment, to compensate Executive for Executive's personal services to the Company; and

Executive desires to continue to be employed by the Company and to provide personal services to the Company in return for certain compensation.

Accordingly, in consideration of the mutual promises and covenants contained herein, the parties agree to the following:

1. EMPLOYMENT BY THE COMPANY.

1.1 At-Will Employment. Executive will continue to be employed by the Company on an "at-will" basis, meaning either the Company or Executive may terminate Executive's employment at any time, with or without cause or advanced notice. Any contrary representations that may have been made to Executive are superseded by this Agreement. This Agreement is the full and complete agreement between Executive and the Company on the "at-will" nature of Executive's employment with the Company, which may be changed only in an express written agreement signed by Executive and a duly authorized officer of the Company. Executive's rights to any compensation following a termination are only as set forth in Section 6.

1.2 Position. Subject to the terms of this Agreement, the Company agrees to continue to employ Executive, [title] and Executive hereby accepts such continued employment. During the term of Executive's employment with the Company, Executive will devote Executive's best efforts and substantially all of Executive's business time and attention to the business of the Company.

1.3 Duties. As [title], Executive will report to the CEO performing such duties as are normally associated with Executive's position and such duties as are assigned to Executive from time to time by the CEO, subject to the oversight and direction of the CEO. Executive will perform Executive's duties under this Agreement principally out of the Company's corporate headquarters. In addition, Executive will make such business trips to such places as may be necessary or advisable for the efficient operations of the Company.

1.4 Company Policies and Benefits. The employment relationship between the parties is also subject to the Company's personnel and compliance policies and procedures as they may be interpreted, adopted, revised or deleted from time to time in the Company's sole discretion. Executive will continue to be eligible to participate on the same basis as similarly situated executives in the Company's benefit plans in effect from time to time during Executive's employment. All matters of eligibility for coverage or benefits under any benefit plan will be determined in accordance with the provisions of the plan. The Company reserves the right to change, alter, or terminate any benefit plan in its sole discretion. Notwithstanding the foregoing,

in the event that the terms of this Agreement differ from, or are in conflict with, the Company's general employment policies or practices, this Agreement will control.

2. COMPENSATION.

2.1 Salary. Executive will receive for Executive's services to be rendered hereunder an initial annualized base salary of **[amount]**, subject to review and adjustment from time to time by the Company in its sole discretion, payable subject to standard payroll withholding requirements in accordance with Company's standard payroll practices ("***Base Salary***").

2.2 Bonus. While this Agreement is in effect, Executive will continue to be eligible for a discretionary annual cash bonus with a target of **thirty-five percent (35%)** of Executive's then current Base Salary, subject to review and adjustment from time to time by the Company in its sole discretion, payable subject to standard payroll withholding requirements ("***Target Bonus***"). Whether or not Executive earns any bonus will be dependent upon (a) the actual achievement by Executive and the Company of the applicable individual and corporate performance goals, as determined by the Board in its sole discretion, and (b) Executive's continuous performance of services to the Company through December 31 of the year any bonus may be earned. The bonus may be greater or lesser than the Target Bonus and may be zero. In all events, any bonus earned pursuant to this Section 2.2 will be paid on or before March 15 of the year following the year for which it is earned.

2.3 Equity. Executive has been granted options to purchase shares of the Company's Common Stock (the "**Options**"), the terms of which will continue to be governed in all respects by the governing plan documents, grant notices and stock option agreements. Executive will be eligible to receive further stock grants and/or stock option awards in the sole discretion of the Board or its Compensation Committee.

2.4 Expense Reimbursement. The Company will reimburse Executive for reasonable business expenses with proper documentation and in accordance with the Company's standard expense reimbursement policy. For the avoidance of doubt, to the extent that any reimbursements payable to Executive are subject to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "***Code***"): (a) any such reimbursements will be paid no later than December 31 of the year following the year in which the expense was incurred, (b) the amount of expenses reimbursed in one year will not affect the amount eligible for reimbursement in any subsequent year, and (c) the right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

3. CONFIDENTIALITY AND PROPRIETARY RIGHTS OBLIGATIONS. The parties have entered into a Confidential Information and Inventions Agreement (collectively, "***Confidential Information and Inventions Agreement***"), which may be amended by the parties from time to time without regard to this Agreement. The Confidential Information Agreement contains provisions that are intended by the parties to survive and do survive termination or expiration of this Agreement.

4. OUTSIDE ACTIVITIES DURING EMPLOYMENT. Except with the prior written consent of the Chairman of the Board and the Company's Chief Executive Officer (the "CEO"),

Executive will not, while employed by the Company, undertake or engage in any other employment, occupation or business enterprise that would interfere with Executive's responsibilities and the performance of Executive's duties hereunder except for (i) reasonable time devoted to volunteer services for or on behalf of such religious, educational, non-profit and/or other charitable organization as Executive may wish to serve, (ii) reasonable time devoted to activities in the non-profit and business communities consistent with Executive's duties, and (iii) such other activities as may be specifically approved by the Chairman of the Board and the CEO. This restriction will not, however, preclude Executive (x) from owning less than one percent (1%) of the total outstanding shares of a publicly traded company, or (y) from employment or service in any capacity with Affiliates of the Company. As used in this Agreement, "***Affiliates***" means an entity under common management or control with the Company. Notwithstanding this Section 4, the Chairman of the Board and the CEO will continue to permit Executive to serve as a board member of one (1) other company or entity, such company or entity whose identity Executive has disclosed or will disclose to the Chairman of the Board and the CEO, unless such company or entity is reasonably deemed by the Chairman of the Board and the CEO to be competitive with the Company, and further provided that Executive's service as a board member of that company or entity will not in any way materially limit or adversely impact Executive's compliance with the duties and obligations that Executive has and owes to the Company, including under this Agreement or the Confidential Information Agreement.

5. NO CONFLICT WITH EXISTING OBLIGATIONS. Executive represents that Executive's performance of all the terms of this Agreement and as an Executive of the Company does not and will not breach any agreement or obligation of any kind made prior to Executive's employment by the Company, including agreements or obligations Executive may have with prior employers or entities for which Executive has provided services. Executive has not entered into, and Executive agrees that Executive will not enter into, any agreement or obligation, either written or oral, in conflict with his obligations under this Agreement.

6. TERMINATION OF EMPLOYMENT. Executive and the Company each acknowledge that, pursuant to Section 1 of this Agreement, either party has the right to terminate Executive's employment with the Company at any time for any reason whatsoever, with or without cause or advance notice. The provisions in this Section 6 govern the amount of compensation, if any, to be provided to Executive upon termination of employment and do not alter this at-will status.

6.1 Termination by the Company without Cause or Resignation by Executive for Good Reason (Other Than in Connection with a Change in Control).

(a) The Company will have the right to terminate Executive's employment with the Company at any time without Cause (as defined below). Likewise, Executive may resign for Good Reason (as defined below). In the absence of a Change in Control (as defined below) and in the event Executive is terminated by the Company without Cause, but not in the event of a termination due to death or Disability under Section 6.4, or Executive resigns for Good Reason, then Executive will be entitled to receive the Accrued Obligations (as defined below) and in addition, provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "***Separation from Service***"), and further provided Executive complies with

the obligations in Section 6.1(b) below, Executive will also be eligible to receive the following "***Severance Benefits***":

(i) The Company will pay Executive an amount equal to Executive's then current Base Salary for **twelve (12) months**, less standard withholdings and deductions, paid in installments on the Company's regular payroll dates.

(ii) If Executive is participating in the Company's group health plans as of the date of termination, and if Executive timely elects continued coverage under COBRA or, if applicable, state continuation coverage laws, the Company will pay the premiums necessary to continue Executive and Executive's covered dependents' health insurance coverage in effect on the termination date until the earliest of: (i) **twelve (12) months** following the termination date; (ii) the date when Executive becomes eligible for health insurance coverage in connection with new employment or self-employment; or (iii) the date Executive ceases to be eligible for continuation coverage for any reason, including plan termination (such period from the termination date through the earlier of (i)-(iii), (the "***COBRA Payment Period***"). Notwithstanding the foregoing, if at any time the Company determines that its payment of continuation coverage premiums on Executive's behalf would result in a violation of applicable law (including, but not limited to, the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of paying premiums pursuant to this Section, the Company will pay Executive on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the premium it would have paid for such month, subject to applicable tax withholding (such amount, the "***Special Severance Payment***"), for the remainder of the COBRA Payment Period.

(b) Executive will receive the Severance Benefits pursuant to Section 6.1(a) of this Agreement if: (i) within the timeframe provided by the Company, Executive has signed and delivered to the Company a separation agreement containing an effective, general release of claims in favor of the Company and its affiliates and representatives, in a form presented by the Company (the "***Release***"), which cannot be revoked in whole or part by such date (the date that the Release can no longer be revoked is referred to as the "***Release Effective Date***"); and (ii) if Executive holds any other positions with the Company or any affiliate, including a position on the Board, Executive resigns such position(s) to be effective no later than the date of Executive's Separation from Service (or such other date as requested by the Board); (iii) Executive returns all Company property; (iv) Executive complies with Executive's post-termination obligations under this Agreement and the Confidential Information Agreement; and (v) Executive complies with the terms of the Release, including without limitation any non-disparagement and confidentiality provisions contained in the Release.

(c) The Company will not make any payments to Executive with respect to any of the benefits pursuant to Section 6.1(a) prior to the 60th day following Executive's date of termination. On the 60th day following Executive's date of termination, and provided that Executive has delivered an effective Release, the Company will make the first payment to Executive under Section 6.1(a)(i) in a lump sum equal to the aggregate amount of payments that the Company would have paid Executive through such date had the payments commenced on the

Executive's date of termination through such 60th day, with the balance of the payments paid thereafter on the schedule described above.

(d) For purposes of this Agreement, "***Accrued Obligations***" are (i) Executive's accrued but unpaid salary through the date of termination, (ii) any unreimbursed business expenses incurred by Executive payable in accordance with the Company's standard expense reimbursement policies, (iii) benefits owed to Executive under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan, and (iv) Executive's accrued but unused vacation through the date of termination. Accrued obligations will be paid upon date of termination or next payroll cycle at the latest.

(e) The Severance Benefits provided to Executive pursuant to Section 6.1(a) are in lieu of, and not in addition to, any benefits to which Executive may otherwise be entitled under any Company severance plan, policy or program.

(f) Any damages caused by the termination of Executive's employment without Cause would be difficult to ascertain; therefore, the Severance Benefits for which Executive is eligible pursuant to Section 6.1(a) above in exchange for the Release is agreed to by the parties as liquidated damages, to serve as full compensation, and not a penalty.

(g) For purposes of this Agreement, "***Good Reason***" means any of the following actions taken by the Company without Executive's consent: (i) any material diminution of Executive's authority, duties or responsibilities; (ii) a material (greater than ten percent (10%)) reduction by the Company of Executive's Base Salary except in the case of across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all similarly-situated employees of the Company; (iii) a relocation of Executive's place of employment to a location in excess of fifty (50) miles from the Company's current principal place of employment; (iv) any material breach of this Agreement by the Company; *provided, however,* that it will only be deemed Good Reason if (1) the Company has not previously notified the Executive of its intention to terminate his employment; (2) the Company is given written notice from Executive within ninety (90) days following the first occurrence of a condition that Executive considers to constitute Good Reason (with such notice including a description of the condition); (3) the Company fails to remedy such condition within thirty (30) days following such written notice, and (4) Executive resigns from employment with the Company effective not later than thirty (30) days after the end of the Company's cure period. Notwithstanding the foregoing, any actions taken by the Company to accommodate a Disability of Executive or pursuant to the Family and Medical Leave Act or an applicable state leave law will not be a Good Reason for purposes of this Agreement

6.2 Termination by the Company for Cause or Resignation by Executive (Other Than for Good Reason).

(a) If the Company terminates the Executive's employment for Cause or Executive resigns from employment with the Company without Good Reason, regardless of whether or not such termination is in connection with a Change in Control, then Executive will be

entitled to the Accrued Obligations, but Executive will not receive the Severance Benefits or any other severance compensation or benefit.

(b) "***Cause***" for termination will mean that the Board has determined in its sole discretion that Executive has engaged in any of the following: (i) a material breach of this Agreement or any other written agreement between Executive and the Company; (ii) gross negligence or gross misconduct in the performance of Executive's duties; (iii) the commission of any act or omission constituting dishonesty or fraud that is injurious to the Company or any affiliate thereof; (iv) any conduct which constitutes a felony under applicable law; (v) conduct by Executive which demonstrates gross unfitness to serve; (vi) failure to attempt in good faith to implement a clear, reasonable and legal directive of the Company's CEO, the Board or any Board committee; or (vii) breach of a fiduciary duty.

6.3 Change in Control Severance Benefits.

(a) In the event that the Company (or any surviving or acquiring corporation) terminates Executive's employment without Cause or Executive resigns for Good Reason on or within **eighteen (18) months** following the effective date of a Change in Control ("***Change in Control Termination***"), Executive will be entitled to the Accrued Obligations, and upon executing and allowing to become effective the Release, Executive will be eligible to receive the following Change in Control severance benefits:

(i) a lump-sum cash payment in an amount equal to **twelve (12) months** of Executive's Base Salary then in effect (the "***Lump Sum Severance***");

(ii) a lump-sum cash payment in an amount equal to **one (1) times** Executive's Target Bonus for the year in which Executive's employment terminates (the "***Bonus Severance***")[1];

(iii) if Executive is participating in the Company's group health plans as of a Change in Control Termination, and if Executive timely elects continued coverage under COBRA or, if applicable, state continuation coverage laws, the Company will pay the premiums necessary to continue Executive and Executive's covered dependents' health insurance coverage in effect on the Change in Control Termination date until the earliest of: (A) **twelve (12) months** following a Change in Control Termination; (B) the date when Executive becomes eligible for health insurance coverage in connection with new employment or self-employment; or (C) the date Executive ceases to be eligible for continuation coverage for any reason, including plan termination, provided, however, if at any time the Company determines that its payment of continuation coverage premiums on Executive's behalf would result in a violation of applicable law (including, but not limited to, the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of paying premiums pursuant to this Section, the Company will pay Executive on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the premium it would have

paid for such month, subject to applicable tax withholding, for the remainder of the COBRA Payment Period; and

(iv) effective as of the later of Executive's Change in Control Termination date or the effective date of the Change in Control, the vesting and exercisability of all outstanding stock options and other stock awards covering the Company's Common Stock that are held by Executive as of immediately prior to the Change in Control Termination date, to the extent such awards are subject to time-based vesting requirements, will be accelerated (and lapse, in the case of reacquisition or repurchase rights) in full. Executive's stock options and stock awards will remain outstanding following Executive's Change in Control Termination date if and to the extent necessary to give effect to this Section 6.3(a)(iv) subject to earlier termination under the terms of the equity plan and award agreements under which such awards were granted and the original maximum term of the award (without regard to Executive's termination).

(b) To receive the payments and benefits under (a) above, Executive's termination or resignation must constitute a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h)) and Executive must execute and allow the Release to become effective within the time period provided by the Company, which shall be no later than 60 days following Executive's termination or resignation. The Lump Sum Severance and Bonus Severance will be paid, subject to deductions and withholdings, by the 60th day following Executive's termination or resignation, provided Executive has timely delivered the effective Release. For the avoidance of doubt, in the event of a Change in Control Termination, Executive only will be eligible to receive the severance benefits under this Section 6.3 and not those severance benefits under Section 6.1.

(c) For purposes of this Agreement, "*Change in Control*" will have the meaning ascribed to such term in the Company's 2018 Equity Incentive Plan.

6.4 Termination by Virtue of Death or Disability of Executive.

(a) In the event of Executive's death while employed pursuant to this Agreement, all obligations of the parties hereunder will terminate immediately. Executive's legal representatives will not receive the Severance Benefits, or any other severance compensation or benefit, except that, pursuant to the Company's standard payroll policies, the Company will provide to Executive's legal representatives the Accrued Obligations.

(b) Subject to applicable state and federal law, the Company will at all times have the right, upon written notice to Executive, to terminate this Agreement based on Executive's Disability (as defined below). Termination by the Company of Executive's employment based on "***Disability***" will mean termination because Executive is unable due to a physical or mental condition to perform the essential functions of Executive's position with or without reasonable accommodation for six (6) months in the aggregate during any twelve (12) month period or based on the written certification by two licensed physicians of the likely continuation of such condition for such period. This definition will be interpreted and applied consistent with the Americans with Disabilities Act, the Family and Medical Leave Act, and other applicable law. In the event Executive's employment is terminated based on Executive's Disability, Executive will not receive the Severance Benefits, or any other severance compensation

or benefit, except that, pursuant to the Company's standard payroll policies, the Company will provide to Executive the Accrued Obligations.

6.5 Cooperation with the Company after Termination of Employment. Following termination of Executive's employment for any reason, Executive will fully cooperate with the Company in all matters relating to the winding up of Executive's pending work including, without limitation, any litigation in which the Company is involved or such other inquiry concerning the Company that Executive may have knowledge, the signing of routine documents for administrative or compliance purposes, announcements concerning termination and the orderly transfer of any pending work to such other executives or Executives as may be designated by the Company.

6.6 Section 409A.

(a) Notwithstanding anything to the contrary herein, the following provisions apply to the extent severance benefits provided herein are subject to Section 409A of the Internal Revenue Code (the "***Code***") and the regulations and other guidance thereunder and any state law of similar effect (collectively "***Section 409A***"). Severance benefits will not commence until Executive has a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "separation from service"). Each installment of severance benefits is a separate "payment" for purposes of Treas. Reg. Section 1.409A-2(b)(2)(i), and the severance benefits are intended to satisfy the exemptions from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9). Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed by the Company at the time of the Executive's separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, and if any of the payments due upon separation from service set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation," then to the extent delayed commencement of any portion of such payments is required to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code and the related adverse taxation under Section 409A, such payments will not be provided to Executive prior to the earliest of (i) the expiration of the six (6)-month period measured from the date of Executive's separation from service with the Company, (ii) the date of Executive's death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph will be paid in a lump sum to Executive, and any remaining payments due will be paid as otherwise provided in this Agreement or in the applicable agreement. No interest will be due on any amounts so deferred. To the extent that any severance payments are deferred compensation under Section 409A, and are not otherwise exempt from the application of Section 409A, then, if the period during which Executive may consider and sign the Release spans two calendar years, the payment of severance will not be made or begin until the later calendar year. The parties acknowledge that the exemptions from application of Section 409A to severance benefits are fact specific, and any later amendment of this Agreement to alter the timing, amount or conditions that will trigger payment of severance benefits may preclude the ability of severance benefits provided under this Agreement to qualify for an exemption.

(b) Notwithstanding anything in this Agreement to the contrary or otherwise, with respect to any expense, reimbursement or in-kind benefit provided pursuant to this Agreement that constitutes a "deferral of compensation" within the meaning of Section 409A and its implementing regulations and guidance, (a) the expenses eligible for reimbursement or in-kind benefits provided to Executive must be incurred during the term of the Agreement (or applicable survival period), (b) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (c) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (d) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(c) It is intended that this Agreement will comply with the requirements of Section 409A, and any ambiguity contained herein will be interpreted in such manner so as to avoid adverse personal tax consequences under Section 409A. Notwithstanding the foregoing, the Company will in no event be obligated to indemnify Executive for any taxes or interest that may be assessed by the Internal Revenue Service pursuant to Section 409A of the Code to payments made pursuant to this Agreement.

6.7 Section 280G.

(a) If any payment or benefit Executive will or may receive from the Company or otherwise (a "***280G Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then any such 280G Payment pursuant to this Agreement or otherwise (a "***Payment***") shall be equal to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "***Reduction Method***") that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "***Pro Rata Reduction Method***").

(b) Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for

Executive as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(c) Unless Executive and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the change of control transaction triggering the Payment shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive's right to a 280G Payment becomes reasonably likely to occur (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company.

(d) If Executive receives a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 6.7(a) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, Executive shall promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 6.7(a)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in Section 6.7(a), Executive shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

7. GENERAL PROVISIONS.

7.1 Notices. Any notices required hereunder to be in writing will be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by electronic mail or confirmed facsimile, if sent during normal business hours of the recipient, and if not, then on the next business day, (c) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of delivery. All communications will be sent to the Company at its primary office location and to Executive at Executive's then current address as listed in Company records, or at such other address as the Company or Executive may designate by ten (10) days advance written notice to the other.

7.2 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and

enforced in such jurisdiction as if such invalid, illegal or unenforceable provisions had never been contained herein.

7.3 Survival. Provisions of this Agreement which by their terms must survive the termination of this Agreement in order to effectuate the intent of the parties will survive any such termination, whether by expiration of the term, termination of Executive's employment, or otherwise, for such period as may be appropriate under the circumstances.

7.4 Waiver. If either party should waive any breach of any provisions of this Agreement, Executive or the Company will not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

7.5 Complete Agreement. This Agreement constitutes the entire agreement between Executive and the Company with regard to the subject matter hereof. This Agreement is the complete, final, and exclusive embodiment of their agreement with regard to this subject matter and supersedes any prior oral discussions or written communications and agreements, including the Prior Agreement. This Agreement is entered into without reliance on any promise or representation other than those expressly contained herein, and it cannot be modified or amended except in writing signed by Executive and an authorized officer of the Company. The parties have entered into a separate Confidential Information Agreement and may have entered into other agreements governing stock option(s) or other equity awards. Any such separate agreements govern other aspects of the relationship between the parties, have or may have provisions that survive termination of Executive's employment under this Agreement, may be amended or superseded by the parties without regard to this agreement and are enforceable according to their terms without regard to the enforcement provision of this Agreement.

7.6 Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

7.7 Headings. The headings of the sections hereof are inserted for convenience only and will not be deemed to constitute a part hereof nor to affect the meaning thereof.

7.8 Successors and Assigns. The Company will assign this Agreement and its rights and obligations hereunder in whole, but not in part, to any Company or other entity with or into which the Company may hereafter merge or consolidate or to which the Company may transfer all or substantially all of its assets, if in any such case said Company or other entity will by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party hereto, but may not otherwise assign this Agreement or its rights and obligations hereunder. Executive may not assign or transfer this Agreement or any rights or obligations hereunder, other than to Executive's estate upon Executive's death.

7.9 Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the law of the **[Commonwealth of Massachusetts]**.

7.10 Resolution of Disputes.[2] To ensure timely and economical resolution of any disputes that may arise in connection with Executive's employment with the Company, as a condition of Executive's employment, Executive and the Company hereby agree that any and all claims, disputes or controversies of any nature whatsoever arising out of, or relating to, this Agreement, or its interpretation, enforcement, breach, performance or execution, Executive's employment with the Company, or the termination of such employment, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted before a single arbitrator by Judicial Arbitration and Mediation Services, Inc. ("***JAMS***") or its successor, under then applicable JAMS rules. The arbitration will take place in **[Boston, Massachusetts]**; *provided, however*, that if the arbitrator determines there will be an undue hardship to Executive to have the arbitration in such location, the arbitrator will choose an alternative appropriate location. Executive and the Company each acknowledge that by agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute, claim or demand through a trial by jury or judge or by administrative proceeding. Executive will have the right to be represented by legal counsel at Executive's expense at any arbitration proceeding. The arbitrator will: (i) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding; and (ii) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator, and not a court, will also be authorized to determine whether the provisions of this paragraph apply to a dispute, controversy, or claim sought to be resolved in accordance with these arbitration procedures. The Company will pay all costs and fees in excess of the amount of court fees that Executive would be required to incur if the dispute were filed or decided in a court of law. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any arbitration.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement effective as of the day and year first written above.

ENTASIS THERAPEUTICS INC.

By: _____

Manos Perros
President and CEO

EXECUTIVE

[NAME]

Exhibit 10.2

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "***Agreement***") is entered into by and between **Eric Kimble** ("***Executive***") and Entasis Therapeutics Inc. (the "***Company***") and is effective as of September 6, 2019 (the "***Effective Date***").

The Company desires to continue to employ Executive and, in connection with such employment, to compensate Executive for Executive's personal services to the Company; and

Executive desires to continue to be employed by the Company and to provide personal services to the Company in return for certain compensation.

Accordingly, in consideration of the mutual promises and covenants contained herein, the parties agree to the following:

1. EMPLOYMENT BY THE COMPANY.

1.1 At-Will Employment. Executive will continue to be employed by the Company on an "at-will" basis, meaning either the Company or Executive may terminate Executive's employment at any time, with or without cause or advanced notice. Any contrary representations that may have been made to Executive are superseded by this Agreement. This Agreement is the full and complete agreement between Executive and the Company on the "at-will" nature of Executive's employment with the Company, which may be changed only in an express written agreement signed by Executive and a duly authorized officer of the Company. Executive's rights to any compensation following a termination are only as set forth in Section 6.

1.2 Position. Subject to the terms of this Agreement, the Company agrees to continue to employ Executive, as Chief Commercial Officer, and Executive hereby accepts such continued employment. During the term of Executive's employment with the Company, Executive will devote Executive's best efforts and substantially all of Executive's business time and attention to the business of the Company.

1.3 Duties. As Chief Commercial Officer, Executive will report to the CEO performing such duties as are normally associated with Executive's position and such duties as are assigned to Executive from time to time by the CEO, subject to the oversight and direction of the CEO. Executive will perform Executive's duties under this Agreement principally out of the Company's corporate headquarters. In addition, Executive will make such business trips to such places as may be necessary or advisable for the efficient operations of the Company.

1.4 Company Policies and Benefits. The employment relationship between the parties is also subject to the Company's personnel and compliance policies and procedures as they may be interpreted, adopted, revised or deleted from time to time in the Company's sole discretion. Executive will continue to be eligible to participate on the same basis as similarly situated executives in the Company's benefit plans in effect from time to time during Executive's employment. All matters of eligibility for coverage or benefits under any benefit plan will be determined in accordance with the provisions of the plan. The Company reserves the right to change, alter, or terminate any benefit plan in its sole discretion. Notwithstanding the foregoing,

in the event that the terms of this Agreement differ from, or are in conflict with, the Company's general employment policies or practices, this Agreement will control.

2. COMPENSATION.

2.1 Salary. Executive will receive for Executive's services to be rendered hereunder an initial annualized base salary of **US$368,000**, subject to review and adjustment from time to time by the Company in its sole discretion, payable subject to standard payroll withholding requirements in accordance with Company's standard payroll practices ("***Base Salary***").

2.2 Bonus. While this Agreement is in effect, Executive will continue to be eligible for a discretionary annual cash bonus with a target of **thirty-five percent (35%)** of Executive's then current Base Salary, subject to review and adjustment from time to time by the Company in its sole discretion, payable subject to standard payroll withholding requirements ("***Target Bonus***"). Whether or not Executive earns any bonus will be dependent upon (a) the actual achievement by Executive and the Company of the applicable individual and corporate performance goals, as determined by the Board in its sole discretion, and (b) Executive's continuous performance of services to the Company through December 31 of the year any bonus may be earned. The bonus may be greater or lesser than the Target Bonus and may be zero. In all events, any bonus earned pursuant to this Section 2.2 will be paid on or before March 15 of the year following the year for which it is earned.

2.3 Equity. Executive has been granted options to purchase shares of the Company's Common Stock (the "**Options**"), the terms of which will continue to be governed in all respects by the governing plan documents, grant notices and stock option agreements. Executive will be eligible to receive further stock grants and/or stock option awards in the sole discretion of the Board or its Compensation Committee.

2.4 Expense Reimbursement. The Company will reimburse Executive for reasonable business expenses with proper documentation and in accordance with the Company's standard expense reimbursement policy. For the avoidance of doubt, to the extent that any reimbursements payable to Executive are subject to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "***Code***"): (a) any such reimbursements will be paid no later than December 31 of the year following the year in which the expense was incurred, (b) the amount of expenses reimbursed in one year will not affect the amount eligible for reimbursement in any subsequent year, and (c) the right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

3. CONFIDENTIALITY AND PROPRIETARY RIGHTS OBLIGATIONS. The parties have entered into a Confidential Information and Inventions Agreement (collectively, "***Confidential Information and Inventions Agreement***"), which may be amended by the parties from time to time without regard to this Agreement. The Confidential Information Agreement contains provisions that are intended by the parties to survive and do survive termination or expiration of this Agreement.

4. OUTSIDE ACTIVITIES DURING EMPLOYMENT. Except with the prior written consent of the Chairman of the Board and the Company's Chief Executive Officer (the "CEO"),

Executive will not, while employed by the Company, undertake or engage in any other employment, occupation or business enterprise that would interfere with Executive's responsibilities and the performance of Executive's duties hereunder except for (i) reasonable time devoted to volunteer services for or on behalf of such religious, educational, non-profit and/or other charitable organization as Executive may wish to serve, (ii) reasonable time devoted to activities in the non-profit and business communities consistent with Executive's duties, and (iii) such other activities as may be specifically approved by the Chairman of the Board and the CEO. This restriction will not, however, preclude Executive (x) from owning less than one percent (1%) of the total outstanding shares of a publicly traded company, or (y) from employment or service in any capacity with Affiliates of the Company. As used in this Agreement, "***Affiliates***" means an entity under common management or control with the Company. Notwithstanding this Section 4, the Chairman of the Board and the CEO will continue to permit Executive to serve as a board member of one (1) other company or entity, such company or entity whose identity Executive has disclosed or will disclose to the Chairman of the Board and the CEO, unless such company or entity is reasonably deemed by the Chairman of the Board and the CEO to be competitive with the Company, and further provided that Executive's service as a board member of that company or entity will not in any way materially limit or adversely impact Executive's compliance with the duties and obligations that Executive has and owes to the Company, including under this Agreement or the Confidential Information Agreement.

5. NO CONFLICT WITH EXISTING OBLIGATIONS. Executive represents that Executive's performance of all the terms of this Agreement and as an Executive of the Company does not and will not breach any agreement or obligation of any kind made prior to Executive's employment by the Company, including agreements or obligations Executive may have with prior employers or entities for which Executive has provided services. Executive has not entered into, and Executive agrees that Executive will not enter into, any agreement or obligation, either written or oral, in conflict with his obligations under this Agreement.

6. TERMINATION OF EMPLOYMENT. Executive and the Company each acknowledge that, pursuant to Section 1 of this Agreement, either party has the right to terminate Executive's employment with the Company at any time for any reason whatsoever, with or without cause or advance notice. The provisions in this Section 6 govern the amount of compensation, if any, to be provided to Executive upon termination of employment and do not alter this at-will status.

6.1 Termination by the Company without Cause or Resignation by Executive for Good Reason (Other Than in Connection with a Change in Control).

(a) The Company will have the right to terminate Executive's employment with the Company at any time without Cause (as defined below). Likewise, Executive may resign for Good Reason (as defined below). In the absence of a Change in Control (as defined below) and in the event Executive is terminated by the Company without Cause, but not in the event of a termination due to death or Disability under Section 6.4, or Executive resigns for Good Reason, then Executive will be entitled to receive the Accrued Obligations (as defined below) and in addition, provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "***Separation from Service***"), and further provided Executive complies with

the obligations in Section 6.1(b) below, Executive will also be eligible to receive the following "***Severance Benefits***":

(i) The Company will pay Executive an amount equal to Executive's then current Base Salary for **twelve (12) months**, less standard withholdings and deductions, paid in installments on the Company's regular payroll dates.

(ii) If Executive is participating in the Company's group health plans as of the date of termination, and if Executive timely elects continued coverage under COBRA or, if applicable, state continuation coverage laws, the Company will pay the premiums necessary to continue Executive and Executive's covered dependents' health insurance coverage in effect on the termination date until the earliest of: (i) **twelve (12) months** following the termination date; (ii) the date when Executive becomes eligible for health insurance coverage in connection with new employment or self-employment; or (iii) the date Executive ceases to be eligible for continuation coverage for any reason, including plan termination (such period from the termination date through the earlier of (i)-(iii), (the "***COBRA Payment Period***"). Notwithstanding the foregoing, if at any time the Company determines that its payment of continuation coverage premiums on Executive's behalf would result in a violation of applicable law (including, but not limited to, the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of paying premiums pursuant to this Section, the Company will pay Executive on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the premium it would have paid for such month, subject to applicable tax withholding (such amount, the "***Special Severance Payment***"), for the remainder of the COBRA Payment Period.

(b) Executive will receive the Severance Benefits pursuant to Section 6.1(a) of this Agreement if: (i) within the timeframe provided by the Company, Executive has signed and delivered to the Company a separation agreement containing an effective, general release of claims in favor of the Company and its affiliates and representatives, in a form presented by the Company (the "***Release***"), which cannot be revoked in whole or part by such date (the date that the Release can no longer be revoked is referred to as the "***Release Effective Date***"); and (ii) if Executive holds any other positions with the Company or any affiliate, including a position on the Board, Executive resigns such position(s) to be effective no later than the date of Executive's Separation from Service (or such other date as requested by the Board); (iii) Executive returns all Company property; (iv) Executive complies with Executive's post-termination obligations under this Agreement and the Confidential Information Agreement; and (v) Executive complies with the terms of the Release, including without limitation any non-disparagement and confidentiality provisions contained in the Release.

(c) The Company will not make any payments to Executive with respect to any of the benefits pursuant to Section 6.1(a) prior to the 60th day following Executive's date of termination. On the 60th day following Executive's date of termination, and provided that Executive has delivered an effective Release, the Company will make the first payment to Executive under Section 6.1(a)(i) in a lump sum equal to the aggregate amount of payments that the Company would have paid Executive through such date had the payments commenced on the

Executive's date of termination through such 60th day, with the balance of the payments paid thereafter on the schedule described above.

(d) For purposes of this Agreement, "***Accrued Obligations***" are (i) Executive's accrued but unpaid salary through the date of termination, (ii) any unreimbursed business expenses incurred by Executive payable in accordance with the Company's standard expense reimbursement policies, (iii) benefits owed to Executive under any qualified retirement plan or health and welfare benefit plan in which Executive was a participant in accordance with applicable law and the provisions of such plan, and (iv) Executive's accrued but unused vacation through the date of termination. Accrued obligations will be paid upon date of termination or next payroll cycle at the latest.

(e) The Severance Benefits provided to Executive pursuant to Section 6.1(a) are in lieu of, and not in addition to, any benefits to which Executive may otherwise be entitled under any Company severance plan, policy or program.

(f) Any damages caused by the termination of Executive's employment without Cause would be difficult to ascertain; therefore, the Severance Benefits for which Executive is eligible pursuant to Section 6.1(a) above in exchange for the Release is agreed to by the parties as liquidated damages, to serve as full compensation, and not a penalty.

(g) For purposes of this Agreement, "***Good Reason***" means any of the following actions taken by the Company without Executive's consent: (i) any material diminution of Executive's authority, duties or responsibilities; (ii) a material (greater than ten percent (10%)) reduction by the Company of Executive's Base Salary except in the case of across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all similarly-situated employees of the Company; (iii) a relocation of Executive's place of employment to a location in excess of fifty (50) miles from the Company's current principal place of employment; (iv) any material breach of this Agreement by the Company; *provided, however,* that it will only be deemed Good Reason if (1) the Company has not previously notified the Executive of its intention to terminate his employment; (2) the Company is given written notice from Executive within ninety (90) days following the first occurrence of a condition that Executive considers to constitute Good Reason (with such notice including a description of the condition); (3) the Company fails to remedy such condition within thirty (30) days following such written notice, and (4) Executive resigns from employment with the Company effective not later than thirty (30) days after the end of the Company's cure period. Notwithstanding the foregoing, any actions taken by the Company to accommodate a Disability of Executive or pursuant to the Family and Medical Leave Act or an applicable state leave law will not be a Good Reason for purposes of this Agreement

6.2 Termination by the Company for Cause or Resignation by Executive (Other Than for Good Reason).

(a) If the Company terminates the Executive's employment for Cause or Executive resigns from employment with the Company without Good Reason, regardless of whether or not such termination is in connection with a Change in Control, then Executive will be

entitled to the Accrued Obligations, but Executive will not receive the Severance Benefits or any other severance compensation or benefit.

(b) "***Cause***" for termination will mean that the Board has determined in its sole discretion that Executive has engaged in any of the following: (i) a material breach of this Agreement or any other written agreement between Executive and the Company; (ii) gross negligence or gross misconduct in the performance of Executive's duties; (iii) the commission of any act or omission constituting dishonesty or fraud that is injurious to the Company or any affiliate thereof; (iv) any conduct which constitutes a felony under applicable law; (v) conduct by Executive which demonstrates gross unfitness to serve; (vi) failure to attempt in good faith to implement a clear, reasonable and legal directive of the Company's CEO, the Board or any Board committee; or (vii) breach of a fiduciary duty.

6.3 Change in Control Severance Benefits.

(a) In the event that the Company (or any surviving or acquiring corporation) terminates Executive's employment without Cause or Executive resigns for Good Reason on or within **eighteen (18) months** following the effective date of a Change in Control ("***Change in Control Termination***"), Executive will be entitled to the Accrued Obligations, and upon executing and allowing to become effective the Release, Executive will be eligible to receive the following Change in Control severance benefits:

(i) a lump-sum cash payment in an amount equal to **twelve (12) months** of Executive's Base Salary then in effect (the "***Lump Sum Severance***");

(ii) a lump-sum cash payment in an amount equal to **one (1) times** Executive's Target Bonus for the year in which Executive's employment terminates (the "***Bonus Severance***")[1];

(iii) if Executive is participating in the Company's group health plans as of a Change in Control Termination, and if Executive timely elects continued coverage under COBRA or, if applicable, state continuation coverage laws, the Company will pay the premiums necessary to continue Executive and Executive's covered dependents' health insurance coverage in effect on the Change in Control Termination date until the earliest of: (A) **twelve (12) months** following a Change in Control Termination; (B) the date when Executive becomes eligible for health insurance coverage in connection with new employment or self-employment; or (C) the date Executive ceases to be eligible for continuation coverage for any reason, including plan termination, provided, however, if at any time the Company determines that its payment of continuation coverage premiums on Executive's behalf would result in a violation of applicable law (including, but not limited to, the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of paying premiums pursuant to this Section, the Company will pay Executive on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the premium it would have

paid for such month, subject to applicable tax withholding, for the remainder of the COBRA Payment Period; and

(iv) effective as of the later of Executive's Change in Control Termination date or the effective date of the Change in Control, the vesting and exercisability of all outstanding stock options and other stock awards covering the Company's Common Stock that are held by Executive as of immediately prior to the Change in Control Termination date, to the extent such awards are subject to time-based vesting requirements, will be accelerated (and lapse, in the case of reacquisition or repurchase rights) in full. Executive's stock options and stock awards will remain outstanding following Executive's Change in Control Termination date if and to the extent necessary to give effect to this Section 6.3(a)(iv) subject to earlier termination under the terms of the equity plan and award agreements under which such awards were granted and the original maximum term of the award (without regard to Executive's termination).

(b) To receive the payments and benefits under (a) above, Executive's termination or resignation must constitute a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h)) and Executive must execute and allow the Release to become effective within the time period provided by the Company, which shall be no later than 60 days following Executive's termination or resignation. The Lump Sum Severance and Bonus Severance will be paid, subject to deductions and withholdings, by the 60th day following Executive's termination or resignation, provided Executive has timely delivered the effective Release. For the avoidance of doubt, in the event of a Change in Control Termination, Executive only will be eligible to receive the severance benefits under this Section 6.3 and not those severance benefits under Section 6.1.

(c) For purposes of this Agreement, "*Change in Control*" will have the meaning ascribed to such term in the Company's 2018 Equity Incentive Plan.

6.4 Termination by Virtue of Death or Disability of Executive.

(a) In the event of Executive's death while employed pursuant to this Agreement, all obligations of the parties hereunder will terminate immediately. Executive's legal representatives will not receive the Severance Benefits, or any other severance compensation or benefit, except that, pursuant to the Company's standard payroll policies, the Company will provide to Executive's legal representatives the Accrued Obligations.

(b) Subject to applicable state and federal law, the Company will at all times have the right, upon written notice to Executive, to terminate this Agreement based on Executive's Disability (as defined below). Termination by the Company of Executive's employment based on "***Disability***" will mean termination because Executive is unable due to a physical or mental condition to perform the essential functions of Executive's position with or without reasonable accommodation for six (6) months in the aggregate during any twelve (12) month period or based on the written certification by two licensed physicians of the likely continuation of such condition for such period. This definition will be interpreted and applied consistent with the Americans with Disabilities Act, the Family and Medical Leave Act, and other applicable law. In the event Executive's employment is terminated based on Executive's Disability, Executive will not receive the Severance Benefits, or any other severance compensation

or benefit, except that, pursuant to the Company's standard payroll policies, the Company will provide to Executive the Accrued Obligations.

6.5 Cooperation with the Company after Termination of Employment. Following termination of Executive's employment for any reason, Executive will fully cooperate with the Company in all matters relating to the winding up of Executive's pending work including, without limitation, any litigation in which the Company is involved or such other inquiry concerning the Company that Executive may have knowledge, the signing of routine documents for administrative or compliance purposes, announcements concerning termination and the orderly transfer of any pending work to such other executives or Executives as may be designated by the Company.

6.6 Section 409A.

(a) Notwithstanding anything to the contrary herein, the following provisions apply to the extent severance benefits provided herein are subject to Section 409A of the Internal Revenue Code (the "***Code***") and the regulations and other guidance thereunder and any state law of similar effect (collectively "***Section 409A***"). Severance benefits will not commence until Executive has a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "separation from service"). Each installment of severance benefits is a separate "payment" for purposes of Treas. Reg. Section 1.409A-2(b)(2)(i), and the severance benefits are intended to satisfy the exemptions from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9). Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed by the Company at the time of the Executive's separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, and if any of the payments due upon separation from service set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation," then to the extent delayed commencement of any portion of such payments is required to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code and the related adverse taxation under Section 409A, such payments will not be provided to Executive prior to the earliest of (i) the expiration of the six (6)-month period measured from the date of Executive's separation from service with the Company, (ii) the date of Executive's death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph will be paid in a lump sum to Executive, and any remaining payments due will be paid as otherwise provided in this Agreement or in the applicable agreement. No interest will be due on any amounts so deferred. To the extent that any severance payments are deferred compensation under Section 409A, and are not otherwise exempt from the application of Section 409A, then, if the period during which Executive may consider and sign the Release spans two calendar years, the payment of severance will not be made or begin until the later calendar year. The parties acknowledge that the exemptions from application of Section 409A to severance benefits are fact specific, and any later amendment of this Agreement to alter the timing, amount or conditions that will trigger payment of severance benefits may preclude the ability of severance benefits provided under this Agreement to qualify for an exemption.

(b) Notwithstanding anything in this Agreement to the contrary or otherwise, with respect to any expense, reimbursement or in-kind benefit provided pursuant to this Agreement that constitutes a "deferral of compensation" within the meaning of Section 409A and its implementing regulations and guidance, (a) the expenses eligible for reimbursement or in-kind benefits provided to Executive must be incurred during the term of the Agreement (or applicable survival period), (b) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (c) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (d) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(c) It is intended that this Agreement will comply with the requirements of Section 409A, and any ambiguity contained herein will be interpreted in such manner so as to avoid adverse personal tax consequences under Section 409A. Notwithstanding the foregoing, the Company will in no event be obligated to indemnify Executive for any taxes or interest that may be assessed by the Internal Revenue Service pursuant to Section 409A of the Code to payments made pursuant to this Agreement.

6.7 Section 280G.

(a) If any payment or benefit Executive will or may receive from the Company or otherwise (a "***280G Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then any such 280G Payment pursuant to this Agreement or otherwise (a "***Payment***") shall be equal to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "***Reduction Method***") that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "***Pro Rata Reduction Method***").

(b) Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for

Executive as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(c) Unless Executive and the Company agree on an alternative accounting firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the change of control transaction triggering the Payment shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive's right to a 280G Payment becomes reasonably likely to occur (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company.

(d) If Executive receives a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 6.7(a) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, Executive shall promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 6.7(a)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in Section 6.7(a), Executive shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

7. GENERAL PROVISIONS.

7.1 Notices. Any notices required hereunder to be in writing will be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by electronic mail or confirmed facsimile, if sent during normal business hours of the recipient, and if not, then on the next business day, (c) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of delivery. All communications will be sent to the Company at its primary office location and to Executive at Executive's then current address as listed in Company records, or at such other address as the Company or Executive may designate by ten (10) days advance written notice to the other.

7.2 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and

enforced in such jurisdiction as if such invalid, illegal or unenforceable provisions had never been contained herein.

7.3 Survival. Provisions of this Agreement which by their terms must survive the termination of this Agreement in order to effectuate the intent of the parties will survive any such termination, whether by expiration of the term, termination of Executive's employment, or otherwise, for such period as may be appropriate under the circumstances.

7.4 Waiver. If either party should waive any breach of any provisions of this Agreement, Executive or the Company will not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

7.5 Complete Agreement. This Agreement constitutes the entire agreement between Executive and the Company with regard to the subject matter hereof. This Agreement is the complete, final, and exclusive embodiment of their agreement with regard to this subject matter and supersedes any prior oral discussions or written communications and agreements, including the Prior Agreement. This Agreement is entered into without reliance on any promise or representation other than those expressly contained herein, and it cannot be modified or amended except in writing signed by Executive and an authorized officer of the Company. The parties have entered into a separate Confidential Information Agreement and may have entered into other agreements governing stock option(s) or other equity awards. Any such separate agreements govern other aspects of the relationship between the parties, have or may have provisions that survive termination of Executive's employment under this Agreement, may be amended or superseded by the parties without regard to this agreement and are enforceable according to their terms without regard to the enforcement provision of this Agreement.

7.6 Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

7.7 Headings. The headings of the sections hereof are inserted for convenience only and will not be deemed to constitute a part hereof nor to affect the meaning thereof.

7.8 Successors and Assigns. The Company will assign this Agreement and its rights and obligations hereunder in whole, but not in part, to any Company or other entity with or into which the Company may hereafter merge or consolidate or to which the Company may transfer all or substantially all of its assets, if in any such case said Company or other entity will by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party hereto, but may not otherwise assign this Agreement or its rights and obligations hereunder. Executive may not assign or transfer this Agreement or any rights or obligations hereunder, other than to Executive's estate upon Executive's death.

7.9 Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the law of the **[Commonwealth of Massachusetts]**.

7.10 Resolution of Disputes.[2] To ensure timely and economical resolution of any disputes that may arise in connection with Executive's employment with the Company, as a condition of Executive's employment, Executive and the Company hereby agree that any and all claims, disputes or controversies of any nature whatsoever arising out of, or relating to, this Agreement, or its interpretation, enforcement, breach, performance or execution, Executive's employment with the Company, or the termination of such employment, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted before a single arbitrator by Judicial Arbitration and Mediation Services, Inc. ("***JAMS***") or its successor, under then applicable JAMS rules. The arbitration will take place in **[Boston, Massachusetts]**; *provided, however*, that if the arbitrator determines there will be an undue hardship to Executive to have the arbitration in such location, the arbitrator will choose an alternative appropriate location. Executive and the Company each acknowledge that by agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute, claim or demand through a trial by jury or judge or by administrative proceeding. Executive will have the right to be represented by legal counsel at Executive's expense at any arbitration proceeding. The arbitrator will: (i) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be available under applicable law in a court proceeding; and (ii) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator, and not a court, will also be authorized to determine whether the provisions of this paragraph apply to a dispute, controversy, or claim sought to be resolved in accordance with these arbitration procedures. The Company will pay all costs and fees in excess of the amount of court fees that Executive would be required to incur if the dispute were filed or decided in a court of law. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any arbitration.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement effective as of the day and year first written above.

ENTASIS THERAPEUTICS INC.

By:

Manos Perros
President and CEO

EXECUTIVE

ERIC KIMBLE

ENTASIS THERAPEUTICS HOLDINGS INC.

NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

Each member of the Board of Directors (the "***Board***") of Entasis Therapeutics Holdings Inc. (the "***Company***") who is not also serving as an employee of the Company or any of its subsidiaries (each such member, an "***Eligible Director***") will receive the compensation described in this Non-Employee Director Compensation Policy (this "***Policy***"). An Eligible Director may decline all or any portion of his or her compensation by giving notice to the Company prior to the date cash is to be paid or equity awards are to be granted, as the case may be. This Policy may be amended at any time in the sole discretion of the Board or the Compensation Committee of the Board.

Annual Cash Compensation

The annual cash compensation amount set forth below is payable to Eligible Directors in equal quarterly installments, payable in arrears on the last day of each fiscal quarter in which the service occurred. If an Eligible Director joins the Board or a committee of the Board at a time other than effective as of the first day of a fiscal quarter, each annual retainer set forth below will be pro-rated based on days served in the applicable fiscal year, with the pro-rated amount paid for the first fiscal quarter in which the Eligible Director provides the service, and regular full quarterly payments to be paid thereafter. All annual cash fees are vested upon payment.

1. Annual Board Service Retainer:
   a. All Eligible Directors: $40,000
   b. Non-executive chairperson of the Board: $90,000 (inclusive of Annual Board Service Retainer)

2. Annual Committee Member Service Retainer:
   a. Member of the Audit Committee: $9,000
   b. Member of the Compensation Committee: $7,500
   c. Member of the Nominating and Corporate Governance Committee: $4,250

3. Annual Committee Chair Service Retainer (inclusive of Committee Member Service Retainer):
   a. Chairperson of the Audit Committee: $18,000
   b. Chairperson of the Compensation Committee: $15,000
   c. Chairperson of the Nominating and Corporate Governance Committee: $8,500

The Company will also reimburse each of the Eligible Directors for his or her travel expenses incurred in connection with his or her attendance at Board and committee meetings. Such reimbursements shall be paid on the same date as the annual cash fees are paid.

Equity Compensation

The equity compensation set forth below will be granted under the Company's 2018 Equity Incentive Plan (the "***Plan***"), subject to the approval of the Plan by the Company's stockholders. All stock options granted under this Policy will be nonstatutory stock options, with an exercise price per share equal to 100% of the Fair Market Value (as defined in the Plan) of the underlying common stock on the

date of grant, and a term of 10 years from the date of grant (subject to earlier termination in connection with a termination of service as provided in the Plan).

1. Initial Grant: For each Eligible Director who is first elected or appointed to the Board following the effective date of this Policy, on the date of such Eligible Director's initial election or appointment to the Board (or, if such date is not a market trading day, the first market trading day thereafter), the Eligible Director will be automatically, and without further action by the Board or Compensation Committee of the Board, granted a stock option to purchase a number of shares of the Company's common stock equal to 15,000 shares of the Company's common stock. The shares subject to each such stock option will vest monthly over a three-year period, subject to the Eligible Director's Continuous Service (as defined in the Plan) on each vesting date.

2. Annual Grant: On the date of each annual stockholder meeting of the Company held after the Effective Date, each Eligible Director who continues to serve as a non-employee member of the Board following such stockholder meeting will be automatically, and without further action by the Board or Compensation Committee of the Board, granted a stock option to purchase 7,500 shares of the Company's common stock (the "***Annual Grant***"). The shares subject to the Annual Grant will vest in equal monthly installments over the 12 months following the date of grant, provided that the Annual Grant will in any case be fully vested on the date of Company's next annual stockholder meeting, subject to the Eligible Director's Continuous Service (as defined in the Plan) through such vesting date and will vest in full upon a Change in Control (as defined in the Plan).

Approved: April 26, 2019
Effective: June 19, 2019

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Manoussos Perros, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Entasis Therapeutics Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2020

By: /s/ Manoussos Perros, Ph.D.
Manoussos Perros, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Gutch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Entasis Therapeutics Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2020

By: /s/ Michael Gutch, Ph.D.
Michael Gutch, Ph.D.
Chief Financial Officer and Chief Business Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Manoussos Perros, President and Chief Executive Officer of Entasis Therapeutics Holdings Inc. (the "Company"), and Michael Gutch, Chief Financial Officer and Chief Business Officer of the Company, each hereby certifies that, to the best of his knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

(2) The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2020

/s/ Manoussos Perros, Ph.D.	/s/ Michael Gutch, Ph.D.
Manoussos Perros, Ph.D. President and Chief Executive Officer (Principal Executive Officer)	Michael Gutch, Ph.D. Chief Financial Officer and Chief Business Officer (Principal Financial Officer)